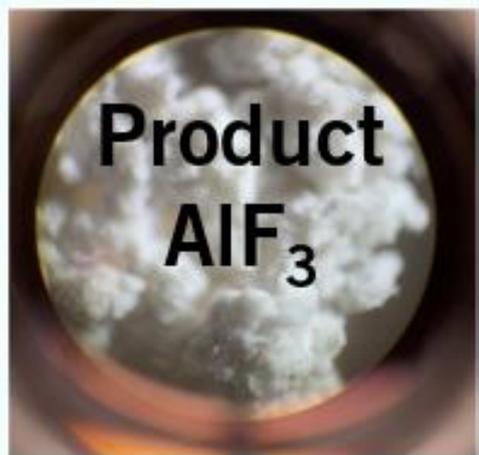


Released March 2020

**AB**<sub>x</sub>  
AUSTRALIAN BAUXITE LIMITED



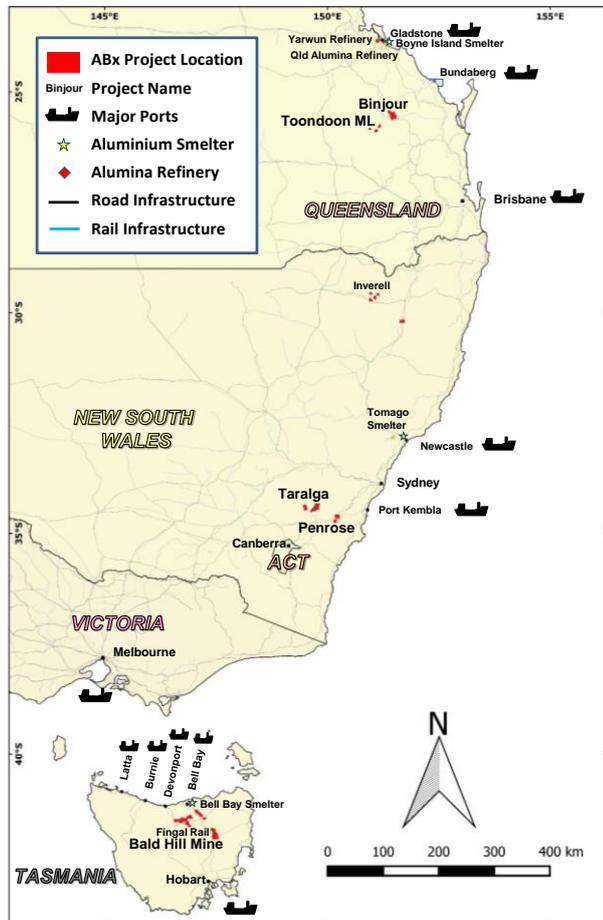
**ANNUAL REPORT**  
Calendar year 2019



**ALCORE**  
Limited

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**Figure 1**

**ABX project tenements & transport infrastructure, ports, alumina refineries and aluminium smelters**

**ABX’s major bauxite project areas from South to North:**

1. **Northern Tasmania, south of Bell Bay Port (operating mine)**
2. **Southern NSW Taralga & Penrose pine forest west of Port Kembla (high grade deposit)**
3. **Binjour Bauxite Project, southwest of Port of Bundaberg (Mining Lease Application process commenced)**

# CORPORATE DIRECTORY

## Australian Bauxite Limited

ACN 139 494 885  
 ABN 14 139 494 885

## Registered and Corporate Office

Level 2, 131 Macquarie Street  
 Sydney NSW 2000  
 Telephone: +61 2 9251 7177  
 Fax: +61 2 9251 7500  
 Email: corporate@australianbauxite.com.au  
 Website: www.australianbauxite.com.au

## Auditor

K.S. Black & Co  
 Level 5, 350 Kent Street  
 Sydney NSW 2000  
 Telephone: +61 2 8839 3000

## Bankers

Australia & New Zealand Banking Group Limited  
 20 Martin Place  
 Sydney NSW 2000  
 Telephone: +61 2 9227 1818

St George Bank Limited  
 Level 14, 182 George St  
 Sydney NSW 2200  
 Telephone: +61 2 9236 2230

## Directors

Paul Lennon (Non-Executive Chairman)  
 Ian Levy (Managing Director & CEO)  
 Ken Boundy

## Company Secretary

Henry Kinstlinger

## Share Registry

Computershare Investor Services Pty Limited  
 Level 3, 60 Carrington Street  
 Sydney NSW 2000, Australia  
 Telephone: 1300 327 328 or +61 2 8234 5000

## ASX Code – ABX

Australian Bauxite Limited shares are listed on the Australian Securities Exchange.

This financial report covers the Consolidated Entity consisting Australian Bauxite Limited and its controlled entities.

Australian Bauxite Limited is a company limited by shares, incorporated and domiciled in Australia.

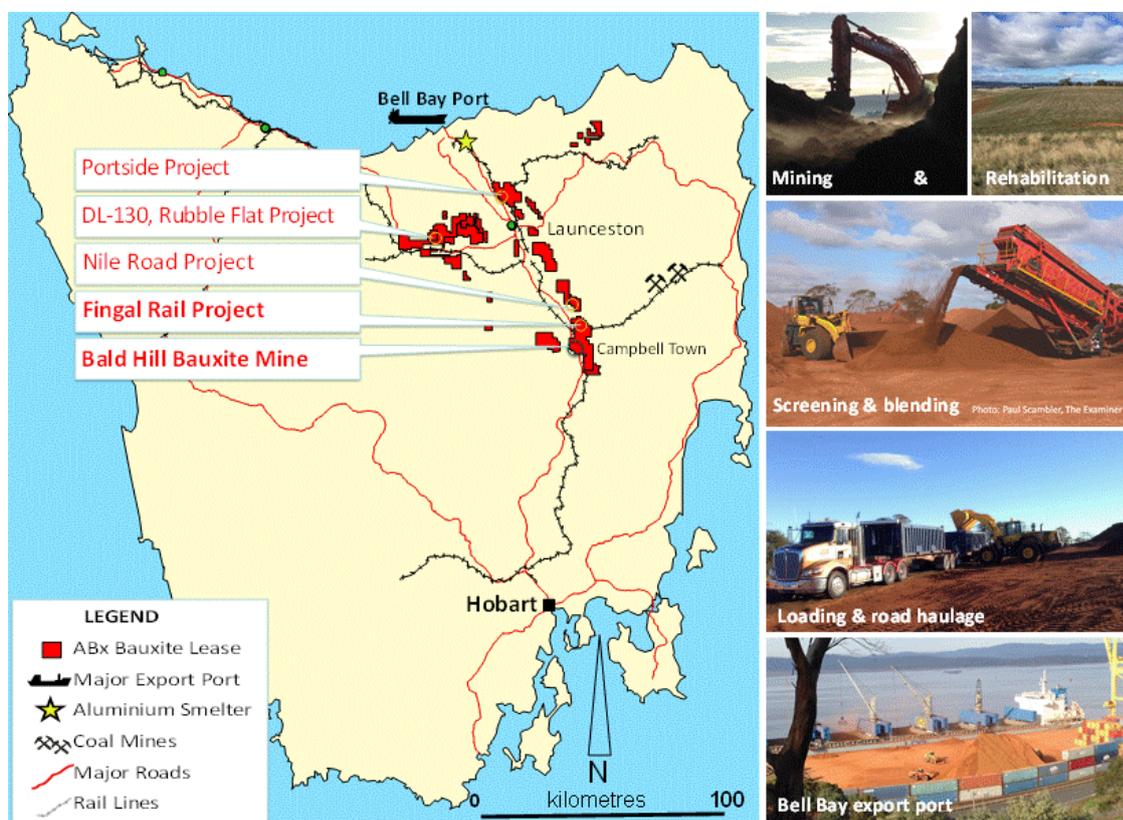


Figure 2: Locations of ABx bauxite mines, projects and transport infrastructure in Tasmania

## CHAIRMAN'S REVIEW 2019

Dear Shareholder,

In 2019, ABx's bauxite project in Tasmania sold cement-grade and fertiliser-grade bauxites. ABx is setting itself to supply bauxite to the aluminium, cement, fertiliser, chemicals and refractory industries in the Indian-Pacific region to maximise the value from its trihydrate-gibbsite type bauxite, further enhanced by ABx's new technologies.

**Technology to add value:** ABx bauxite is free of all deleterious elements and ABx has invested in sophisticated research and development to maximise the value of its unique bauxite with physical and chemical technologies.

ABx adapted its TasTech physical beneficiation technology to suit its major Binjour bauxite project in QLD during 2019 so that Binjour can make an excellent export product for the aluminium industry. Testwork included trial-mining, TasTech processing of 84 tonnes producing the target 45% Al<sub>2</sub>O<sub>3</sub> and 5% SiO<sub>2</sub> product. In December, the ABx Board announced that ABx has commenced the application process for a Mining Lease at Binjour during 2020.

ABx incorporated ALCORE Limited (**Alcore**) in 2018 and raised \$1.7 million seed capital to conduct chemical R&D to develop a refinery producing Aluminium Fluoride (**AlF<sub>3</sub>**) that is needed in aluminium smelters and for next generation Lithium ion batteries. Alcore can also produce a pure refined hydrocarbon called Corethane which can be used for electricity generation as a substitute for gas in gas turbine generators, can substitute for diesel and be sold for many industrial uses. Alcore is a 90% subsidiary of ABx with 39 seed shareholders.

The Alcore Research Centre in Central Coast NSW is the only fully-operational advanced laboratory of its type in the southern hemisphere. It achieved major milestones of making chemically pure AlF<sub>3</sub> and the correct crystal form of AlF<sub>3</sub> which has been sent to customers for advanced testing. It is now devising a single process that can make AlF<sub>3</sub> products that are chemically pure, ideal crystal forms, grainsize and density for the three potential cornerstone customers to evaluate. Alcore recently moved to the design stage and has appointed the globally recognised Clough Engineers and recruited Dr Mark Cooksey as Alcore General Manager who is Senior Principal Research Leader at the CSIRO and previously worked in Rio Tinto's Aluminium smelter division. Alcore seeks to establish a production module in Bell Bay, Tasmania to produce 10,000 tonnes of AlF<sub>3</sub> per year.

Alcore discovered it can refine by-product wastes from aluminium smelters and convert them into AlF<sub>3</sub> which can be sold and recycled back to the smelters. This "Refine & Recycle" strategy increases profitability of existing and new aluminium smelters and also helps clean-up sites during the closure of older smelters, which means Alcore can benefit throughout the life-cycles of aluminium smelters.

**Long-term strategy:** ABx's strategy is to maximise value from its bauxite and its technology by developing a higher-value suite of products so that ABx can be a profitable business operating through all stages of the business cycles during the forthcoming restructuring of global industry. The potential is real and worth pursuing aggressively, focussing on niche markets and long-term relationships with reliable, major customers and growing from that base.

During 2020, ABx will continue selling its bauxite from Tasmania and will also pursue the application for a Mining Lease at Binjour in central QLD, 115kms inland from Bundaberg Port. ABx has entered into a Memorandum of Understanding for Binjour with Rawmin Mining of India and with a Chinese Aluminium Company to supply bauxite to its new alumina refinery which will commence commissioning in late 2020. Our marketing partner, Rawmin was instrumental in securing the customer and is in the final stages of finalising a 50:50 joint venture agreement for the Binjour project which will be fully financed by Rawmin.

### Corona Virus Pandemic Response

As concern about the coronavirus (COVID-19) continues to grow throughout Australia and across the globe, I want to assure you that Australian Bauxite and its subsidiary companies have and continue to take all appropriate steps to protect our employees and our valued customers and our contractors.

As always the safety of our employees, customers and contractors is paramount. We are carefully monitoring updates from the Australian Government, the National Cabinet, the World Health Organisation and local health departments.

We have developed contingency plans to support our business and our employees until the threat of the virus subsides and life returns to normal.

We cannot do this alone so I want thank our employees, shareholders, customers and contractors for their support and understanding during these unprecedented times.

Yours sincerely,

Paul Lennon  
Chairman



## REVIEW OF OPERATIONS

This Review of Operations covers the 12 month period to 31 December 2019.

Australian Bauxite Limited (**ABx or the Company**) is a bauxite production and high technology research company listed on the Australian Securities Exchange (**ASX**) for 10 years with ticker code ABX.

ABx currently holds 10 bauxite tenements in Queensland, Tasmania and NSW covering 700 km<sup>2</sup> and operates its Bald Hill bauxite mine project at Campbell Town in northern Tasmania – see Figures 1 & 2. ABx's bauxite is gibbsite trihydrate (**THA**) bauxite that can be processed into alumina at low temperature- the type in short supply globally. It is a bauxite free of quartz, alkalis and base metals, making it ideal for cement-making. Some zones of grey-white bauxite may be suitable for manufacture of refractories, abrasives and chemicals.

ABx's bauxite can be beneficiated into high value products via two new technologies, namely TasTech physical upgrading and chemical upgrading using ABx's 90% owned subsidiary, ALCORE Limited (**Alcore**) technology. Alcore operates a Research Centre on the Central Coast of New South Wales where it has completed six-months of testwork of the chemical refining of aluminium-rich raw materials into Aluminium Fluoride (**AlF<sub>3</sub>**), a high-priced ingredient used in aluminium smelters and lithium-ion batteries. Alcore's results have exceeded expectations and a production strategy is in process. Alcore has global exclusive rights to the aluminium-related portion of Core Technology (Patent Application) for its technology to refine raw bauxite to produce AlF<sub>3</sub> and other valuable co-products including the Corethane gas substitute. Global demand for AlF<sub>3</sub> is increasing strongly as aluminium production increases and will grow rapidly when use of AlF<sub>3</sub> in lithium-ion and new technology batteries increases.

ABx's JORC compliant Mineral Resources total 137.1 million tonnes (inferred 64.4 Mt, indicated 72.7 Mt – see resource statement in ASX release 31 January 2019) at Binjour in central Queensland inland from Bundaberg Port, in NSW and in northern Tasmania extending from Campbell Town to Bell Bay in northern Tasmania – see Figure 1. All tenements are 100% owned, unencumbered and free of third party royalties.

During 2019, ABx made sales of 32,477 tonnes of cement-grade bauxite and 1,937 tonnes of fertiliser-grade bauxite and anticipates producing further sales from the Bald Hill operations in Tasmania, which commenced in December 2014 as Australia's first new bauxite production project for more than 35 years.

### Corporate

During the year, the Company issued 2,092,332 new shares to consultants and directors who opted to take shares in lieu of cash consideration for their services to the Company. Shares on issue total 145,967,005.

### Operations and Exploration

#### Bauxite Refining Technology

Alcore has appointed Dr Mark Cooksey as General Manager, to oversee the transition from research to a design and development project and also appointed engineers, Clough Projects Australia Pty Limited, to design and construct the lowest risk, most economically attractive Alcore production plant.

ALCORE Limited ("**Alcore**") is a 90% subsidiary of ABX that is developing the aluminium-related portion of the patent application CORE Technology. Alcore plans to commence commercial production by processing by-products and waste from aluminium smelters and converting them into AlF<sub>3</sub> which can be sold back to the smelters. This "Refine & Recycle" strategy (see Figure 3) increases profitability of existing and new aluminium smelters and also helps clean-up sites for the closure of older smelters. Alcore can benefit throughout the life-cycles of smelters.

This strategy delivers low capital cost, short payback, highest profit and fastest growth of all alternatives. Production plants can be easily replicated adjacent to aluminium smelters globally that seek higher environmental credits for recycling by-products, reducing emissions, lowering costs and reducing their dependence on imported AlF<sub>3</sub> which is an essential electrolyte for the smelting of aluminium.

#### Low Cost

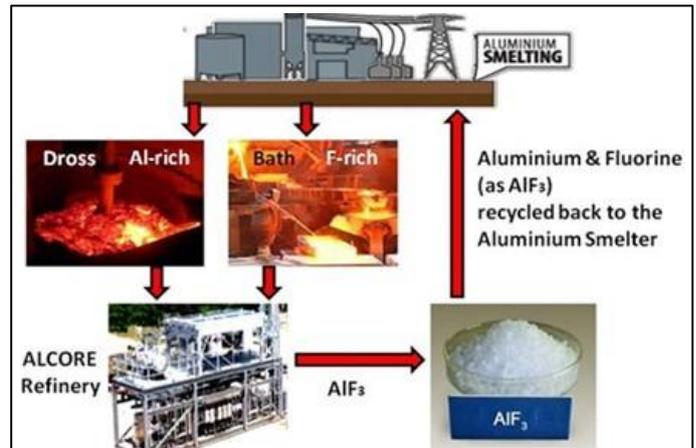
Alcore expects to obtain all AlF<sub>3</sub> ingredients for below zero cost and create a "Refine & Recycle" service for smelters. Additional AlF<sub>3</sub> production will sell into well-established global markets.

**Inputs**

AlF<sub>3</sub> production requires low-cost sources of **Aluminium** and **Fluorine** in approximately equal quantities.

**Aluminium source:** When aluminium is handled in aluminium smelter casthouses, a froth layer is cleaned-off which contains high levels of aluminium as metal and oxide. This smelter froth by-product is termed “dross” and is freely available. Alcore has already made AlF<sub>3</sub> product from this dross.

**Fluorine source:** There are fluorine-rich by-products building-up in modern smelters including “spent bath” which is excess “cryolite” electrode material that contains more than 50% fluorine. Alcore has recovered Fluorine from this spent bath.



**Figure 3: The Alcore Refine & Recycle Process**

**Robust Business Setting**

Alcore can succeed throughout the business cycle. When smelters close down, Alcore will profit from the clean-up for many years to clear the backlog of stored by-products that have accumulated over decades of smelting.

**Potential Economics**

The proposed 10,000 tonnes per year AlF<sub>3</sub> “Refine & Recycle” modular plants are estimated to cost less than A\$15 million as they are relatively simple, low-cost units – ideal for the first production plant.

Operating costs for a full-process bauxite refinery were estimated at US\$400/tonne of AlF<sub>3</sub>. The Refine & Recycle operating costs should be considerably lower, making Alcore a lowest-quartile cost producer.

AlF<sub>3</sub> sale prices currently exceed US\$1,300 per tonne FOB China (see Figure 4), so a high operating margin is considered achievable for the first production plant.



**Figure 4: AlF<sub>3</sub> prices & tonnes**

Sold on an FOB basis to aluminium smelters in North America, India, Australasia, Middle East, Japan, Korea, SE Asia, Russia & Central Asia

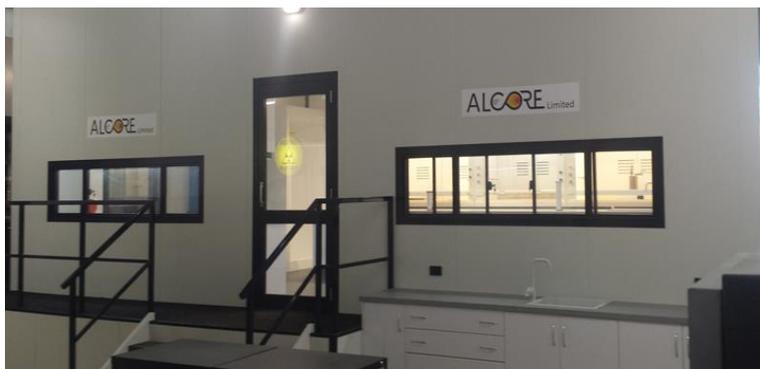
Prices are reported daily.

Australasian smelters prefer to source from several suppliers.

Prices and tonnes from China fluctuate monthly, which is why smelters need to diversify supply of AlF<sub>3</sub>. The rise in prices since mid-2016 is interpreted to be in response to increased demand from electric battery manufactures.

**Strategic Partnership with Processing Company**

Alcore has commenced commercial discussions with a well-known private engineering group that provides specialist services to aluminium smelters world-wide. A subsidiary of the engineering company mechanically recovers large and medium sized particles of aluminium metal from dross for several smelters and Alcore wishes to chemically process the residual fines fractions of the dross to produce AlF<sub>3</sub> and thereby complete the Refine & Recycling of dross waste. A strategic partnership would provide a complete “Refine & Recycling” service for many aluminium smelters world-wide.



**Figure 5: the \$2.5m Alcore Laboratory**

Alcore operates a sophisticated laboratory in Berkeley Vale, Central Coast NSW.

It is uniquely licensed for high-technology chemical experiments, under strict safety and environmental control systems with qualified staff.

It has the capacity to deliver technical, strategic, environmental and economic outcomes not previously achievable using standard industry processes.



**Fig 6:** Preparation & Analytical Lab with XRF & furnaces



**Fig 7:** Alcore test lab, fume cabinets, hi-tech scrubbers showers, microscopes & Draeger air monitor (far wall)

### Certifications

**Dross Refining:** Following laboratory trials on the refining of dross, Alcore received independent certification that the proposed chemical engineering process has produced commercial grade  $AlF_3$ . This is a first for the global aluminium industry, enabling smelters to recycle their by-products.

**Corethane Production:** Following laboratory refining of a Hunter Valley coal with 28.5% ash, Alcore received independent certification that content was reduced to 0.3% ash. This 99.7% pure hydrocarbon is Corethane - a low cost, low emissions gas substitute fuel which will be demonstrated at the Alcore research centre to industrial customers seeking cheaper heat energy: **CORETHANE; As Clean as Gas, As Cheap as Coal.**

### Licences

Alcore holds licences for the following technologies from CORE Intelligence Australia Pty Ltd (**CIAPL**), the owner of the CORE Technologies (patent appln 2019904311), a subsidiary of Core Refining Limited (**CRL**):

**Worldwide:** Exclusive licence for the refining of bauxite, aluminium-rich materials and waste streams and coal for the production of CORETHANE as the energy source for Alcore's refining plants.

**Australia:** Non-exclusive licence for all CIAPL technologies (Mineral, Carbonaceous and Various Substances)

**Tasmania:** Exclusive licence for all CIAPL technologies (Mineral, Carbonaceous and Various Substances)

These licences open up innumerable commercial opportunities for Alcore in addition to the initial production focus of  $AlF_3$ .

### Appointments

**Clough Engineering:** Alcore has appointed Clough Engineering to design and build the Alcore "Refine & Recycle" plants. Clough is Australia's oldest (100 years Oct 2019) large engineering company with extensive experience in designing and building complex oil and gas refineries. Clough was recently awarded the Australian Federal Government's \$5.14 billion Snowy 2.0 contract.

**Dr Mark Cooksey:** Alcore has appointed Dr Mark Cooksey (ex Rio Tinto aluminium smelting, CSIRO Senior Principal Research Engineer) as General Manager for 6 months to work with the Alcore laboratory team and Clough on the chemical engineering processes and plant design. Refer recent ASX announcement 24/01/2020.

### Bauxite operations

During 2019, ABx sold 32,477 tonnes of cement-grade bauxite and 1,937 tonnes of fertiliser-grade bauxite with sales continuing. At 31 December 2019, ABx had over 9,900 tonnes of bauxite product stockpiles and 94,400 tonnes of screened material available for classification at the Tasmanian Bald Hill bauxite mine site, sufficient for several ship loads and 19,250 tonnes of broken ore stocks ready for screening.

Dispatch Date	Sale Tonnes
20/01/2016	446
8/04/2016	5,557
7/08/2016	35,913
9/09/2016	89
19/09/2017	30,000
28/09/2017	5,000
30/10/2017	669
30/04/2019	32,477
<b>Cement Sub Total</b>	<b>110,152</b>
24/11/2015	195
16/03/2016	390
14/09/2016	1,500
31/01/2017	351
28/02/2017	429
31/03/2017	430
30/04/2017	78
3/10/2017	468
13/11/2017	857
6/12/2017	704
23/03/2018	1,412
30/09/2018	978
5/02/2019	347
7/03/2019	586
3/04/2019	310
12/06/2019	540
12/07/2019	154
<b>Fertiliser Sub Total</b>	<b>9,730</b>
<b>Total all sales</b>	<b>119,882</b>

**Minesite screened stockpiles** (grade controlled, ready to blend/sell)

Metallurgical grade	150 tonnes
Cement-grade	350 tonnes
Fertiliser grade	7,585 tonnes
<b>Subtotal mine s/piles</b>	<b>8,085 tonnes</b>

**Port stockpiles**

Cement-grade (bauxite stockpile pad)	1,864 tonnes
--------------------------------------	--------------

**Total saleable processed stockpiles** **9,949 tonnes**

Screened material available for classification	94,426 tonnes
Broken Ore Stocks ready for screening:	19,250 tonnes
<b>Grand total</b>	<b>123,625 tonnes</b>

Table 1

Sales and stockpiles. Bald Hill Bauxite Project, Campbell Town Northern Tasmania

**Markets** for metallurgical-grade bauxite have been oversupplied and becoming vertically integrated with Chinese aluminium companies buying mines in West Africa. ABx supplies cement and fertiliser markets at good prices but modest tonnages. As the demand for metallurgical bauxite improves and as customers seek diversity of supply, ABx will seek sales of metallurgical bauxite when prices are attractive and has opened preliminary contract negotiations for bauxite from both its Tasmanian operations and from the Binjour project in QLD.

### Rehabilitation

During the year, ABx and its contractors continued with rehabilitation at the Bald Hill bauxite project to a high standard, thus improving ABx’s expertise in effective rehabilitation which will be applied to other ABx operations.



Figure 8

Rehabilitation at Bald Hill mine was nearing completion at the end of the quarter.

Mine operators are waiting for optimum weather for seeding and weed suppression.

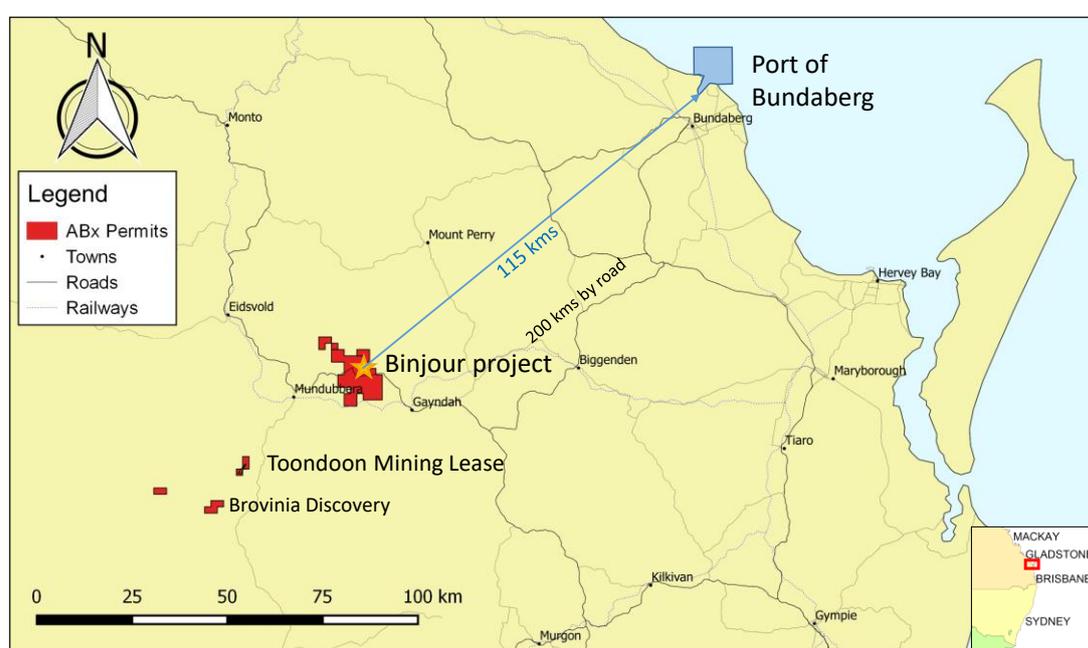
## Review of Binjour Project, Queensland

ABx's board of directors approved the lodgement of mining lease application and related project strategy for the Binjour Bauxite Project in early 2020. The Binjour Bauxite Project pre-production and working capital costs are fully funded by ABx's marketing partner, Rawmin Mining and Industries of India.

Tripartite Memorandum of Understanding (MoU) between ABx, Rawmin Mining and Industries of India and Tianshan Aluminium of China is for the sale of 0.5 to 1.5 million tonnes of bauxite from Binjour to Tianshan's new low temperature refinery in southern China which is due to commence production in late 2020

ABx considers Binjour to be the best source of gibbsite-trihydrate (**THA**) bauxite in Queensland that is suitable for processing in low-temperature Bayer-technology alumina refineries and sweetener circuits

Bauxite resources total 40.5 million tonnes comprising 37 million tonnes of thick bauxite at Binjour plateau and 3.5 million tonnes in the granted mining lease at Toondoon, located 46 kms south of Binjour (see Resources Statement). Binjour bauxite is 3 to 15 metres thick and comprises 10.4 million tonnes suitable for simple bulk mining and shipping and 26.6 million tonnes to be upgraded by ABx's proprietary TasTech technology to achieve the long-term sales grade of 44% to 45%  $\text{Al}_2\text{O}_3$  & 5%  $\text{SiO}_2$  which is ideal "metallurgical bauxite" for producing aluminium metal via the low-temperature Bayer alumina refineries



**Figure 9:** Location of Binjour Bauxite Project, Toondoon ML & Brovinia Discovery

**Bulk sampling & processing** testwork confirmed ABx's decision to committing to project development. This work confirmed that Binjour bauxite screens much better than expected (ASX: 30 May 2019). It also discovered that an extensive deep bauxite layer grading more than 48%  $\text{Al}_2\text{O}_3$  and less than 3%  $\text{SiO}_2$  which is the highest quality gibbsite-trihydrate bauxite in eastern Australia. This new knowledge was obscured by an overlying red mud layer that conceals the true nature of the bauxite.

**Mining simulation:** Bulk sampling tested production parameters including **dilution** from red mud overburden, **mining** behaviour, screening and handling characteristics.

**Grades:** Results show that bulk-mined, bulk-screened bauxite from Binjour can meet the required DSO grades to be marketable.

**Operations:** Information about operating methods, dust and noise management, environmental issues, and rehabilitation options was also learned.

**Rehabilitation:** ABx always examines post-mining reinstatement of the land at the outset of all mining projects. This important planning work commenced in November-December 2019 and several attractive options exist to leave the land significantly better than we found it. We only operate where welcomed.

**Bulk dry-screening** of Binjour bauxite: A 28 tonne bulk sample was mined and mixed onto a stockpile from Pits 10 & 11, using methods that are expected to be used during production. This sample was trucked to Gympie and screened using a rotating trommel with a 10mm aperture screen.



**Figures 10 & 11:** Bulk sampling Pits 10 & 11 at Binjour QLD



**Figure 12**

Screening & environmental measurements at Gympie

This bulk-screening testwork in late September confirmed the laboratory tests in mid 2019 that Binjour bauxite is ideal for dry-screening to remove fine fractions that must be minimised for safe shipping.

Dust-carry was measured to help decide the location and size of any mining lease application(s).

#### Selection of an Initial Mining Lease Application Area at Binjour

- Based on the evidence from bulk sampling, ABx has assessed the results from its 1,000 drillholes at Binjour and has identified sites that:
  - a. Are on freehold land titles, with no strategic cropping or environmental issues
  - b. Are ideally located for transport, processing, environmental and community issues; and
  - c. Contain the high-quality layer of bauxite which will be in great demand.
- **Coordinated Project application:** ABx is in discussions with the Office of the QLD Coordinator General to determine the optimum application process for the Binjour project. The multiple approvals required, especially the road and port logistics issues justify that the application for approvals for this project being subject to a single point of contact process.
- **Coordinated production:** The Binjour Bauxite Project will maximise production during the Queensland dry season from April to November and ABx's Tasmanian mines will maximise production in summer from December to May. Rawmin's mines in north western India will maximise production in the Indian dry season from November to May but cease shipments in monsoon months June to September. Coordinated production and shipments will achieve all-year delivery to the customer of bauxite at a consistent specification
- **Memorandum of Understanding Agreement** for access to the preferred stockpile site at the Port of Bundaberg was finalised and executed during 2019

### Review of the Penrose Forest Project, inland of Port Kembla, NSW

Penrose Forest project is logistically well located, being in a pine forest next to the heavy duty Hume Highway and only 90kms from Port Kembla. It contains 4 layers, each with different natural customers: (1) High iron cap layer for Bricks; (2) Mid-section cement-grade bauxite; (3) Mid-section metallurgical-grade bauxite; (4) Bottom layer of grey-white low iron bauxite for making refractories and abrasives, fire retardants, chemical manufacture and for industrial products.

Samples of each layer at Penrose have been provided for customers in three of the four markets. Two samples produced positive results and 1 is still being tested in a laboratory in Germany.

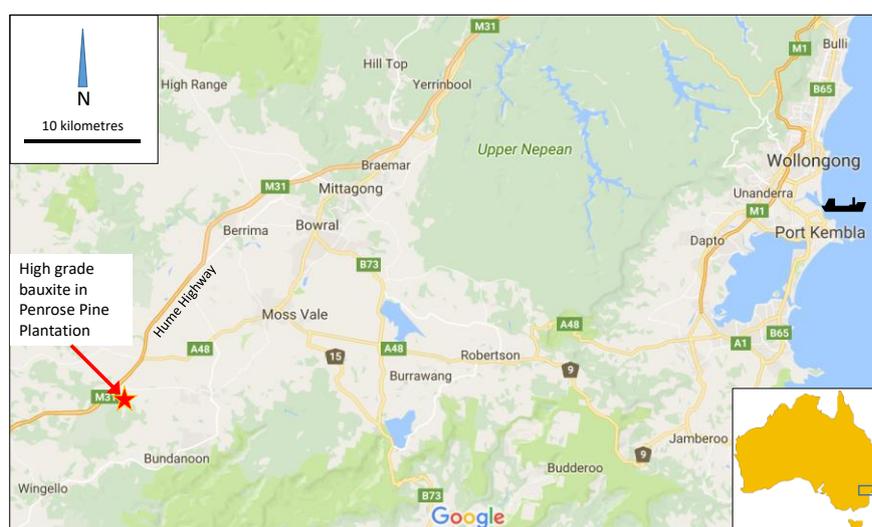
The strategy for Penrose is to sell each layer to separate customers but a primary customer-partner is needed.

ABx has concluded that whilst Penrose bauxite is ideal feedstock for the Alcore bauxite refining technology, it is best for the manufacture of an Australia building product and separate sale of other layers.

Penrose Forest may supply some raw material for the development of Sydney's second airport at Badgerys Creek.

### Search of other low-iron grey-white bauxite deposits

Prior to making an offer to the "primary partner" for ABx's grey-white bauxite, ABx has searched its large database for other deposits of this type of bauxite and has found low-iron bauxite in Tasmania, Binjour in QLD and in the Taralga project area located north of Goulburn NSW. ABx has drafted a business proposal.



**Figure 13**

Locations of Penrose bauxite project, 90kms inland from Port Kembla, New South Wales

### Exploration

All exploration projects have been reassessed for prospectivity, infrastructure and socio-economic setting. Tasmanian exploration tenements have been prioritised for supplying an Alcore bauxite refinery in Tasmania. Port upgrades for cheaper shipping to markets would make all bauxite resources more prospective.

ABx upgraded its exploration technology with a detailed landform study at Binjour and correlating bauxite zones with structures and ancient drainage channels. Trial mining site will reveal more about this new methodology.

## RESOURCES & DISCLAIMER SECTION

### Mainland

The information relating to Mineral Resources on the Mainland was prepared and first disclosed under the JORC Code 2004. It has not been updated since to comply with the JORC Code 2012 on the basis that the information has not materially changed since it was last reported.

Mr Rebek and Mr Levy have sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activity, which they are undertaking to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code for Reporting of exploration Results, Mineral Resources and Ore Reserves. Mr Rebek and Mr Levy have consented in writing to the inclusion in this report of the Exploration Information in the form and context in which it appears.

## Tasmania

The information relating to Exploration Information and Mineral Resources in Tasmania has been prepared or updated under the JORC Code 2012.

Mr Rebek and Mr Levy have sufficient experience, which is relevant to the style of mineralisation and type of deposit under consideration and to the activity, which they are undertaking to qualify as a Competent Person as defined in the 2012 Edition of the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves. Mr Rebek and Mr Levy have consented in writing to the inclusion in this report of the Exploration Information in the form and context in which it appears.

### Disclaimer Regarding Forward Looking Statements

This Annual Report contains various forward-looking statements. All statements other than statements of historical fact are forward-looking statements. Forward-looking statements are inherently subject to uncertainties in that they may be affected by a variety of known and unknown risks, variables and factors which could cause actual values or results, performance or achievements to differ materially from the expectations described in such forward-looking statements.

ABx does not give any assurance that the anticipated results, performance or achievements expressed or implied in those forward-looking statements will be achieved.

### Resource Statement, Definitions and Qualifying Statement

Tabulated below are the Mineral Resources for each ABx Project. The initial ASX disclosure for these Resources is given in the footnotes to the table. Refer to these announcements for full details of resource estimation methodology and attributions.

Tabulated Resource numbers have been rounded for reporting purposes. The Company conducts regular reviews of these Resources and Reserve estimates and updates as a result of material changes to input parameters such as geology, drilling data and financial metrics.

**Table 2: ABx JORC Compliant Resource Estimates**

Region	Resource Category	Million Tonnes	Thickness (m)	Al <sub>2</sub> O <sub>3</sub>	SiO <sub>2</sub>	A/S	Fe <sub>2</sub> O <sub>3</sub>	TiO <sub>2</sub>	LOI	Al <sub>2</sub> O <sub>3</sub> Avl	Rx SiO <sub>2</sub>	Avl/Rx	% Lab Yield	O'Burden	Int.Waste
				%	%	ratio	%	%	%	@ 143°C	%	ratio	%	(m)	(m)
CAMPBELL TOWN AREA TASMANIA <sup>7</sup>	Inferred	1.3	3.0	42.6	3.5	12	25.4	3.5	24.6	36.7	3.0	12	50	2.1	0.1
	Indicated	1.4	3.2	42.5	3.2	14	26.4	3.0	24.5	36.2	2.8	14	55	1.8	0.1
	Total	2.7	3.1	42.5	3.3	13	25.9	3.3	24.5	36.5	2.9	13	52	2.0	0.1
Fingal Rail Cement-Grade Bauxite <sup>8</sup>	Inferred	2.4	3.3	30.9	19.5	--	35.4	3.9	16.7	--	--	--	--	1.9	0.1
	Indicated	3.9	3.8	31.1	19.0	--	35.2	4.0	16.9	--	--	--	--	1.7	0.1
	Total	6.3	3.6	31.0	19.2	--	35.3	4.0	16.8	--	--	--	--	1.8	0.1
DL-130 AREA TAS <sup>1</sup>	Inferred	5.7	3.8	44.1	4.3	10	22.8	3.1	25.0	37.6	3.2	12	55	1.5	0.1
	Total Tas	14.7	3.6	38.2	10.5	n.a.	28.7	3.5	21.4	n.a.	n.a.	n.a.	54	1.7	0.1
BINJOUR QLD <sup>2</sup> DSO, Screen & Cement	Inferred	14.2	4.3	40.7	7.3	6	24.7	4.3	22.1	32.3	6.7	5	80	8.5	0.3
	Indicated	22.8	4.0	33.5	19.2	2	24.9	4.2	16.8	15.8	17.4	1	63	6.6	0.3
	Total	37.0	4.1	36.2	14.6	3	24.9	4.2	18.8	22.1	13.3	2	69	7.3	0.3
TOONDOON QLD <sup>3</sup>	Inferred	3.5	4.9	40.2	7.2	6	25.3	4.9	21.7	32.8	5.2	6	67	1.5	0.0
TARALGA S. NSW <sup>4</sup>	Inferred	9.9	3.1	40.4	5.7	7	24.6	4.1	22.2	35.2	1.9	18	54	0.1	0.2
	Indicated	10.2	3.7	41.3	5.3	8	25.9	4.0	22.9	36.1	1.9	19	55	0.7	0.4
	Total	20.1	5.6	40.8	5.5	7	25.3	4.0	22.6	35.7	1.9	19	55	0.5	0.3
	PDM-DSO* Inferred	7.6	2.5	37.0	6.0	6	38.4	3.5	13.3	22.1*	1.3	17	72	0.2	0.1
	Indicated	10.3	3.1	37.6	3.9	10	40.4	3.7	13.5	22.4*	1.1	20	71	0.7	0.4
Total Taralga	17.8	5.8	37.3	4.8	8	39.6	3.6	13.5	22.3*	1.2	18	72	0.5	0.3	
INVERELL N. NSW <sup>5</sup>	Inferred	17.5	4.7	39.8	4.8	8	27.7	4.3	22.2	31.0	4.2	7	61	2.3	
	Indicated	20.5	4.8	40.6	4.7	9	26.9	4.1	22.5	32.0	4.0	8	60	2.4	
	Total	38.0	4.8	40.2	4.7	9	27.3	4.2	22.4	31.6	4.1	8	61	2.4	
GUYRA N. NSW <sup>6</sup>	Inferred	2.3	4.2	41.4	3.6	12	26.2	3.3	24.6	35.0	2.8	13	56	3.4	
	Indicated	3.8	5.9	43.1	2.6	16	27.3	3.9	24.5	37.4	2.0	18	61	4.4	
	Total	6.0	5.3	42.5	3.0	14	26.9	3.7	24.5	36.5	2.3	16	59	4.0	
<b>GRAND TOTAL ALL AREAS</b>		<b>137.1</b>													

\* PDM is Al<sub>2</sub>O<sub>3</sub> spinel. Al<sub>2</sub>O<sub>3</sub> Avl at 225°C is >35%

**Explanations:** All resources 100% owned & unencumbered. Resource tonnage estimates are quoted as in-situ, pre mined tonnages. All assaying done at NATA-registered ALS Laboratories, Brisbane.  
**Chemical definitions:** Leach conditions to measure available alumina "Al<sub>2</sub>O<sub>3</sub> Avl" & reactive silica "Rx SiO<sub>2</sub>" is 1g leached in 10ml of 90gpl NaOH at 143°C for 30 minutes. LOI = loss on ignition at 1000°C. "Avl/Rx" ratio is (Al<sub>2</sub>O<sub>3</sub> Avl)/(Rx SiO<sub>2</sub>) and "A/S" ratio is Al<sub>2</sub>O<sub>3</sub>/SiO<sub>2</sub>. Values above 6 are good, above 10 are excellent. Tonnage is for bauxite in-situ. **Lab Yield** is for drill dust samples screened by ALS lab at 0.26mm. Production yields are not directly related and are typically between 60% and 75%. Tonnages requiring no upgrade will have 100% yield. **Resource estimates exclude** large tonnages of potential extensions, overburden & interburden detrital bauxite and underlying transitional bauxite mineralisation. Production will clarify these materials.

**Global Mineral Resources total 137.1 million tonnes.**

## DIRECTOR'S REPORT

Your directors present their report together with the financial statements of the parent entity and the consolidated entity (referred to hereafter as the **Group**) consisting of Australian Bauxite Limited (the **Company**) and the entities it controlled at the end of or during the year ended 31 December 2019.

**Principal activities** The principal continuing activities of the Group for the financial year were conducting the bauxite exploration and development programs in Queensland, New South Wales, and Tasmania.

**Consolidated results** The net consolidated loss of the Group for the year ended 31 December 2019 was \$2.47 million (2018: net loss \$2.37 million). The consolidated loss arises largely from bauxite minerals development and exploration activities during the year in Eastern Australia and Tasmania.

Total Shareholders' Funds as at 31 December 2019 are \$14.81 million (2018: \$16.69 million). Additional information on the operations of the Group is disclosed in both the Chairman's Review and the Review of Operations section of this report.

**Review of operations** Information on the operations and financial position of the Group and its business strategies and prospects are set out in the Review of Operations on page 4 to 11 of this Annual Report.

**Dividends** The Directors of the Company do not recommend that any amount be paid by way of dividend. The Company has not paid or declared any amount by way of dividend since the commencement of the financial year.

**Directors** The following persons were directors of Australian Bauxite Limited during the whole of the financial year and up to the date of this report, unless otherwise stated:

Paul A Lennon	Non-Executive Chairman
Ian Levy	Managing Director & CEO
Ken Boundy	Non-Executive Director

The number of Directors' Meetings and Directors' Committee Meetings held, and the number of meetings attended, by each of the Directors of the Company during the financial year were:

Directors	Directors Meetings		Remuneration Committee <sup>1</sup>		Audit Committee <sup>2</sup>	
	Attended	Held whilst in office	Attended	Held whilst in office	Attended	Held whilst in office
Paul A Lennon	11	11	1	1	2	2
Ian Levy	11	11	1	1	2	2
Ken Boundy	11	11	1	1	2	2

<sup>1</sup> The Remuneration Committee is made up of the whole board

<sup>2</sup> The Audit Committee is made up the whole board

**INFORMATION ON DIRECTORS AND MANAGEMENT****Directors****Paul Anthony Lennon****Non-Executive Chairman - Appointed on 28 November 2014**

<b>Experience and expertise</b>	<p>Mr Lennon served as the 42<sup>nd</sup> Premier of Tasmania for 4 years (2004 - 2008) and Treasurer (2004-2006). His experience in the resources sector is considerable. He was the Minister for Infrastructure, Energy and Resources (1998-2002), and later Minister for Economic Development, Energy and Resources (2002-2004) while Mr Lennon was the Deputy Premier of Tasmania from (1998-2004).</p> <p>Aside from this prominent ministerial experience, Mr Lennon has previously held senior positions working for and representing trade organisations and workers throughout the 1980's. This experience allowed Mr Lennon to lead negotiations with European, UK, American and Chinese companies in commercial matters of state and national significance.</p>
<b>Other Current Directorships of Listed Companies</b>	None
<b>Former Directorships in the Last Three Years of Listed Companies</b>	None
<b>Special Responsibilities</b>	Chairman Member of the Remuneration and Audit Committee
<b>Interests in Shares</b>	2,729,399 shares – indirectly held

**Ian Levy, BSc (Hons), MSc (Dist) DIC FAusIMM FAIG****Managing Director and CEO - Appointed on 23 September 2009**

<b>Experience and expertise</b>	<p>Ian Levy has thirty years senior management experience with small to large mining companies, including WMC, Pancontinental Mining, Gympie Gold and CEO of Allegiance Mining, involving development of bauxite, gold, coal, base metals, nickel and industrial minerals projects from discovery to marketing. He was a former founding Director of Gloucester Coal. He was a member of the Joint Ore Reserves Committee (JORC) for 11 years including 4 years as Vice Chairman and Federal President, Australian Institute of Geoscientists.</p>
<b>Other Current Directorships of Listed Companies</b>	None
<b>Former Directorships in the Last Three Years of Listed Companies</b>	None
<b>Special Responsibilities</b>	Managing Director and Chief Executive Officer
<b>Interests in Shares</b>	3,170,189 shares- indirectly held

**Ken Boundy, MBA, M Agr Sc, Fellow of AIM, AIAST**  
**Non-Executive Director - Appointed on 6 June 2012**

<b>Experience and expertise</b>	Mr Boundy is a company director, strategy consultant and businessman – with particular interests in international marketing. Previously Mr Boundy was Managing Director of the Australian Tourist Commission (and then Tourism Australia) from 2001 to 2005, following 15 years in leadership roles in the private sector which covered Divisional Head and CEO roles in the food, wine and building materials industries.
<b>Other Current Directorships of Listed Companies</b>	Non-Executive Director of Net Comm Wireless Limited.
<b>Former Directorships in the Last Three Years of Listed Companies</b>	None
<b>Special Responsibilities</b>	Member of the Remuneration and Audit Committee
<b>Interests in Shares</b>	1,379,129 shares – indirectly held

**Officers**

**Henry Kinstlinger**

**Company Secretary**

<b>Experience and expertise</b>	Henry Kinstlinger has, for the past thirty years, been actively involved in the financial and corporate management of a number of public companies and non-governmental organisations. He is currently the Company Secretary of Hudson Investment Group Limited and Frontier Capital Group Limited. He is a corporate consultant with broad experience in investor and community relations and corporate and statutory compliance.
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**Francis Choy MCom MBA FCPA (HK) FCPA CA**

**Chief Financial Officer**

<b>Experience and expertise</b>	Francis Choy has held a number of senior positions in corporate financial management roles throughout Australia and South East Asia. He has extensive experience in project finance, compliance, acquisition and investment appraisals. He has been involved in project financing, financial management of property development and telecommunication projects in South East Asia. He held senior financial roles for numerous public listed companies both in Hong Kong and Australia.
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**Likely developments**

Information on likely developments in the operations of the ABx Group, known at the date of this report has been covered generally within the report. In the opinion of the Directors providing further information would prejudice the interests of the Group.

### **Risk Management**

The Board is responsible for ensuring that risks, and also opportunities, are identified on a timely basis and that activities are aligned with the risks and opportunities identified by the Board.

The Company believes that it is crucial for all Board members to be a part of this process, and as such the Board has not established a separate risk management committee.

The Board has a number of mechanisms in place to ensure that management's objectives and activities are aligned with the risks identified by the Board. These include the following:

- Board approval of a strategic plan, which encompasses strategy statements designed to meet stakeholders' needs and manage business risk.
- Implementation of Board approved operating plans and budgets and Board monitoring of progress against these budgets.

### **Significant changes in nature of activities**

Please refer Review of Operations section for details.

### **Matters subsequent to balance date**

At the date of this report, there are no other matters or circumstances which have arisen since 31 December 2019 that have significantly affected or may significantly affect:

- The operations, in financial years subsequent to 31 December 2019, of the Group;
- The results of those operations; or
- The state of affairs, in financial years subsequent to 31 December 2019, of the Group.

### **Environmental regulations**

The Group is subject to significant environmental regulation in respect of its exploration activities as follows:

- The Company's operations in the State of Queensland involve drilling operations. These operations are governed by the *Queensland Government Environmental Protection Act (1994)* as reprinted February 2007.
- The Company's operations in the State of NSW involve exploration activities including drilling. These operations are governed by the *Environment Planning and Assessment Act 1979*.
- The Company's operations in the State of Tasmania involve exploration activities including drilling. These operations are governed by the *Environmental Management and Pollution Control Act 1994*.
- The Company operates within the resources sector and conducts its business activities with respect for the environment while continuing to meet the expectations of the shareholders, employees and suppliers.
- The Company aims to ensure that the highest standard of environmental care is achieved, and that it complies with all relevant environmental legislation. The Directors are mindful of the regulatory regime in relation to the impact of the Company's activities on the environment.
- To the best of the directors' knowledge, the Group has adequate systems in place to ensure compliance with the requirements of all environmental legislation described above and are not aware of any breach of those requirements during the financial year and up to the date of the Directors' Report.

### **Environmental Code of Practice for Bauxite mineral exploration**

The Company is committed to conducting its exploration programs by following industry best practice in accordance with published government guidelines and codes. The following policy is specific to bauxite exploration on the Company's Eastern Australian bauxite province.

**Access to Land**

Prior to the commencement of any work, the Company makes contact with landholders/leaseholders and discusses the general aims and types of work likely to be conducted. Discussion with landowners, leaseholders and Native Title Claimants is ongoing. It commences prior to any work being conducted and continues throughout the program and beyond the cessation of exploration work.

The Company establishes conditions of access with landholders and where practicable, signs a written access agreement that sets out conditions and includes a schedule of agreed compensation payments. The Company endeavours to provide landholders with ample warning prior to commencing any work and landholders are kept informed upon commencement, during and upon completion of an exploration program.

**Type of Land**

The type of land is determined and its inhabitants are assessed to identify areas of particular environmental concern including identification of sensitive areas or areas prone to erosion, water catchment, heritage sites, and areas home to vulnerable and endangered species. Land use is taken into consideration and land under cultivation is not disturbed without the express consent of the landholder.

**Mineral Exploration Programs Access**

The Company utilises existing tracks for access where possible. Climatic conditions are considered when assessing areas to avoid access during extreme conditions such as during bush fire risk during hot, windy conditions and damage to tracks after heavy rain. Surface disturbances are kept to a minimum.

**Drilling**

Drilling programs include rehabilitation and where possible holes are positioned in areas requiring little or no clearing. Small, manoeuvrable drill rigs are used to minimise the need for track clearing and to reduce ground compaction. Where required, topsoil is removed and stored separately so that it can be replaced during rehabilitation of the site. Ground sheets are used where required to avoid oil/fuel spills contaminating the soil.

**Rehabilitation**

Drill sites are rehabilitated as soon as practicable and drill holes are filled and capped where necessary. Landholders are asked to confirm at the end of each program that exploration has been conducted to their satisfaction and that sites have been rehabilitated.

## REMUNERATION REPORT – AUDITED

This information provided in this Remuneration Report has been audited as required under section 308 (3C) of the *Corporations Act 2001*.

This report outlines the remuneration arrangements in place for Directors and Executives of the Company.

### Remuneration committee

The Remuneration Committee, which presently consists of the whole board, will serve to determine the remuneration levels of any Executive Director's remuneration (including base salary, incentive payments, equity awards and service contracts) and remuneration issues for Non-Executive Directors.

The Committee meets as often as required but not less than once per year.

The Committee met once during the year as disclosed in the table of Directors Meetings disclosed on page xx. Options granted to directors and key management personnel do not have performance conditions. As such the Group does not have a policy for directors and key management personnel removing the "at risk" aspect of options granted to them as part of their remuneration.

### Directors' and other Key Management Personnel remuneration

The following persons were Directors of the Company during the whole financial year, unless otherwise stated.

- Paul A Lennon      Non-Executive Chairman
- Ian Levy            Managing Director and CEO
- Ken Boundy        Non-Executive Director

The following persons were other key management personnel of the Company during the financial year:

- Leon Hawker        Chief Operating Officer
- Paul Glover         General Manager
- Henry Kinstlinger    Company Secretary
- Benny Amzalak      Investor Relationship Officer

Executive's remuneration and other terms of employment are reviewed annually having regard to relevant comparative information and independent expert advice. As well as basic salary, remuneration packages include superannuation. Directors are also able to participate in an Employee Share Option Plan.

Remuneration packages are set at levels that are intended to attract and retain executives capable of managing the Group's operations.

Consideration is also given to reasonableness, acceptability to shareholders and appropriateness for the current level of operations.

Remuneration of Non-Executive Directors is determined by the Board based on recommendations from the Remuneration Committee and the maximum amount approved by shareholders from time to time.

### Performance conditions

The elements of remuneration as detailed within the Remuneration Report are dependent on the satisfaction of the individual's performance and the Group's financial performance.

The Board undertakes an annual review of its performance and the performance of the Board Committees.

Details of the nature and amount of each element of the remuneration of each Director of the Company and each specified executive of the Company and the Group receiving the highest remuneration are set out in the following tables. The remuneration amounts are the same for the Company and the Group.

**Directors and Other Key Management Personnel of Australian Bauxite Limited**

	Short Term Employee Benefits		Post Employment Benefits	Long Term Benefits	Share Based Payments	Total
	Salary & other fees	Non-Monetary Benefits	Super-annuation	Long Service Leave		
<b>Consolidated Group 2019</b>	\$	\$	\$	\$	\$	\$
<b>Directors</b>						
Paul A Lennon	60,000	-	-	-	-	60,000
Ian Levy	-	-	-	-	-	-
Ken Boundy	-	-	-	-	-	-
<b>Total-Directors</b>	<b>60,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>60,000</b>
<b>Other KMP</b>						
Leon Hawker	194,000	-	25,000	3,307	-	222,307
Paul Glover	194,000	-	25,000	3,307	-	222,307
Henry Kinstlinger	109,890	-	-	-	-	109,890
Benjamin Amzalak	60,000	-	-	-	-	60,000
<b>Total-KMP</b>	<b>557,890</b>	<b>-</b>	<b>50,000</b>	<b>6,614</b>	<b>-</b>	<b>614,504</b>
	\$	\$	\$	\$	\$	\$
<b>2018</b>						
<b>Directors</b>						
Paul A Lennon	40,000	-	-	-	60,000	100,000
Ian Levy	**250,000	-	-	-	*200,000	450,000
Ken Boundy	-	-	-	-	86,666	86,666
<b>Total-Directors</b>	<b>290,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>346,666</b>	<b>636,666</b>
<b>Other KMP</b>						
Leon Hawker	200,000	-	19,000	3,590	-	222,590
Paul Glover	212,500	-	20,187	8,307	-	240,994
Henry Kinstlinger	109,890	-	-	-	-	109,890
Benjamin Amzalak	60,000	-	-	-	-	60,000
<b>Total-KMP</b>	<b>582,390</b>	<b>-</b>	<b>39,187</b>	<b>11,897</b>	<b>-</b>	<b>633,474</b>

The amounts reported represent the total remuneration paid by entities in the Australian Bauxite Group of companies in relation to managing the affairs of all the entities within the Australian Bauxite Group.

There is no performance conditions related to any of the above payments.

There is no other element of Directors and Executives remuneration.

2018 \*\$200,000 fee via Simple Agreement for Future Equity. Payable in the future.

2018\*\* \$250,000 accrued. No salary paid.

**Executive services agreement**

In addition the Company has agreed with Mr Ian Levy as Managing Director in providing the services to the Company at an agreed rate of \$250,000 for the year 2019. The amount is payable to Mr Ian Levy for his services rendered in 2019 and 2018.

**Corporate Service agreements**

The Company has entered into a Corporate Service Agreement with Hudson Asset Management Pty Limited pursuant to which Hudson Asset Management Pty Limited has agreed to provide its management, registered office, administrative, accounting and secretarial services.

The term of the Corporate Services Agreement has no fixed expiry term and the fee payable is that amount agreed between the parties from time to time. The terms of the Corporate Services Agreement provide that Hudson Asset Management Pty Limited shall act in accordance with the directions of the Board.

**Share options granted to Directors and Other Key Management Personnel**

For details please refer to Note 24 of the financial statements.

**End of audited remuneration report.**

### Loans to Directors and Key Management Personnel

Details of individuals with loans above \$100,000 during the year are set out below.

	Balance at the start of the year	Advance/ (Repayments)	Interest payable for the year	Balance at the end of the year	Highest indebtedness during the year	Additional interest otherwise payable*
	\$	\$	\$	\$	\$	\$
<b>Consolidated - KMP 2019</b>						
Henry Kinstlinger - ESOP	830,725	-	42,087	872,812	872,812	14,029
- unsecured loan	47,421	-	2,700	50,121	50,121	900
Benjamin Amzalak	21,343	-	920	22,263	22,263	-
<b>2018</b>						
Henry Kinstlinger - ESOP	788,637	-	42,088	830,725	830,725	14,029
- unsecured loan	44,721	-	2,700	47,421	47,421	900
Benjamin Amzalak	20,423	-	920	21,343	21,343	-

\* Market interest rate 6% (2018: 6%). This represents the difference between interest charged at the latter and interest paid.

### Terms and conditions of loans

The full recourse loan partly relates to the individual's participation in the Company's Employee Share Option Plan. Loans are secured against the Employee Share Option Plan (ESOP). A second unsecured interest bearing full recourse loan of \$30,000 was advanced in 2012. Loans are repayable should the employee leave the Company. Part of the secured shares were sold in repaying the advance. Full provision was made in 2019. None were written down during the year.

An unsecured interest bearing full recourse loan of \$35,000 was advanced to a consultant in 2014. The loan is repayable should the consultant leave the Company. Full provision was made in 2019. None were written down during the year.

There were no other loans made to Directors or Specified Executives of the Company and the Group during the period commencing at the beginning of the financial year and up to the date of this report.

### Shares under option

Unissued ordinary shares of Australian Bauxite Limited under option at the date of this report are as follows:

Class	Date options granted	Expiry Date	Exercise Price	No. of Options
Performance Options* - unallocated			\$0.30	1,380,000
				1,380,000

\*Unallocated options under the Employee Share Option Plan, expiry date is three years from date of issue.

No option holder has any right under the options to participate in any other share issue of the Company or any other entity.

### Shares issued on the exercise of options

No options were issued or exercised during the year.

### Directors' and Officers' indemnities and insurance

During the financial year Australian Bauxite Limited (holding company) paid an insurance premium, insuring the Company's Directors, (as named in this report), Company Secretary, Executive officers and employees against liabilities not prohibited from insurance by the *Corporations Act 2001*.

A confidentiality clause in the insurance contract prohibits disclosure of the amount of the premium and the nature of insured liabilities.

### Rounding

The amounts contained in the financial report have been rounded to the nearest thousand dollars (where rounding is applicable) under the option available to the Company under ASIC Class Order 98/100. The Company is an entity to which the Class Order applies.

### Proceedings on behalf of the Company

No person has applied to the Court under Section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party for the purposes of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in or on behalf of the Company with leave of the Court under Section 237 of the *Corporations Act 2001*.

### Auditor's independence declaration

The auditor's independence declaration as required under Section 307C of the *Corporations Act 2001* is set out on page 22.

### Non-audit services

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Group are important.

Details of the amounts paid or payable to the auditor (K.S. Black & Co) for audit and non-audit services provided during the year are set out below.

The Board of Directors has considered the position and, in accordance with advice received from the audit committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- All non-audit services have been reviewed by the audit committee to ensure they do not impact the impartiality and objectivity of the auditor.
- None of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

During the year the following fees were paid or payable for services provided by the auditor of the parent entity:

	<b>Consolidated Group</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>Audit services:</b>		
Amounts paid or payable to auditors for audit and review of the financial report for the entity or any entity in the Group		
Audit services	<b>22,945</b>	21,845
Review services	<b>11,575</b>	11,025
<b>Taxation and other advisory services:</b>		
Amounts paid or payable to auditors for non-audit taxation and advisory services for the entity or any entity in the Group		
Taxation	<b>1,785</b>	1,695
Advisory services	-	-
	<b>36,305</b>	<b>34,565</b>

The Directors' Report, incorporating the Remuneration Report, is signed in accordance with a Resolution of the Board of Directors.

**Ian Levy**   
**Managing Director & Chief Executive Officer**  
 Signed at Sydney  
 30 March 2020

  
**Paul Lennon**  
**Non-Executive Chairman**

Level 1  
251 Elizabeth Street  
SYDNEY NSW 2000

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DRUMMOYNE NSW 2047

**K.S. Black & Co.**

ABN 48 117 620 556

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NORTH PARRAMATTA NSW 2151

PO Box 2210  
NORTH PARRAMATTA NSW 1750

***Lead Auditors' Independence Declaration under Section 307C of the Corporations Act 2001***

To the Members of Australian Bauxite Limited

I declare that, to the best of my knowledge and belief, during the year ended 31 December 2019 there has been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

The entities are in respect of Australian Bauxite Limited and the entities it controlled during the period.

KS Black & Co  
Chartered Accountants



Scott Bennison  
Partner

Dated in Sydney on this 31<sup>st</sup> day of March 2020

## CORPORATE GOVERNANCE STATEMENT

The Company has adopted this Corporate Governance Plan, which forms the basis of a comprehensive system of control and accountability for the administration of corporate governance. The Board is committed to administering the policies and procedures with openness and integrity, pursuing the true spirit of corporate governance commensurate with the Company's needs.

To the extent they are applicable to the Company, the Board has adopted the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations 4th Edition ("**Principles and Recommendations**").

In light of the Company's size and nature, the Board considers that the current board is a cost effective and practical method of directing and managing the Company. As the Company's activities develop in size and scope, the size of the board and the implementation of additional corporate governance policies and structures will be reviewed.

### **a) Board Responsibilities**

The Board is responsible for corporate governance of the Company. The Board develops strategies for the Company, reviews strategic objectives and monitors performance against those objectives. The goals of the corporate governance processes are to:

- i. maintain and increase Shareholder value;
- ii. ensure a prudential and ethical basis for the Company's conduct and activities;
- iii. ensure compliance with the Company's legal and regulatory objectives consistent with these goals, the Board assumes the following responsibilities:
  - a. developing initiatives for profit and asset growth;
  - b. reviewing the corporate, commercial and financial performance of the Company on a regular basis;
  - c. acting on behalf of, and being accountable to, the Shareholders; and,
  - d. identifying business risks and implementing actions to manage those risks and corporate systems to assure quality.

The Company is committed to the circulation of relevant materials to Directors in a timely manner to facilitate Directors' participation in the Board discussions on a fully informed basis;

### **b) Composition of the Board**

Election of Board members is substantially the province of the Shareholders in general meeting. However, subject thereto, the Company is committed to the following principles:

- i. the Board is to comprise persons with a blend of skills, experience and attributes appropriate for the Company and its business; and,
- ii. the principal criteria for the appointment of new directors is their ability to add value to the Company and its business. All incumbent directors bring an independent judgement to bear in deliberations and the current representation is considered adequate given the stage of the Company's development. The names, qualifications and relevant experience of each Director are set out at in the directors section of this website at <http://www.australianbauxite.com.au/Board-of-Directors.htm>

### **c) Code of Conduct**

As part of its commitment to recognising the legitimate expectations of stakeholders and promoting practices necessary to maintain confidence in ABX's integrity, ABX has an established Code of Conduct (the **Code**) to guide compliance with legal, ethical and other obligations to legitimate stakeholders and the responsibility and accountability required of ABX personnel for reporting and investigating unethical practices or circumstances where there are breaches of the Code.

These stakeholders include employees, clients, customers, government authorities, creditors and the community as whole. This Code governs all ABX commercial operations and the conduct of Directors, employees, consultants, contactors and all other people when they represent ABX. This Code also governs the responsibility and accountability required of ABX personnel for reporting and investigating unethical practices.

The Board, management and all employees of ABX are committed to implementing this Code and each individual is accountable for such compliance. A copy of the Code is given to all employees, contractors and relevant personnel, including directors, and is available on the ABX website (under "Corporate Governance").

**d) Diversity Policy**

The Board has adopted a diversity policy which provides a framework for the Company to achieve, amongst other things, a diverse and skilled workforce, a workplace culture characterised by inclusive practices and behaviours for the benefit of all staff, improved employment and career development opportunities for women and a work environment that values and utilises the contributions of employees with diverse backgrounds, experiences and perspectives.

A copy of ABX Diversity Policy is available on the ABX website (under "Corporate Governance").

**e) Continuous Disclosure**

The board has designated ABX's Company Secretary as the person responsible for overseeing and co-ordinating disclosure of information to the ASX as well as communicating with the ASX.

The board has established a written policy for ensuring compliance with ASX Listing Rule disclosure requirements and accountability at senior executive level for that compliance. A copy of ABX continuous disclosure policy can be found on ABX web site (under "Corporate Governance").

**f) Whistle-blower policy**

ABX is committed to the highest standards of conduct and ethical behaviour in all of our business activities, and to promoting and supporting a culture of honest and ethical behaviour, corporate compliance and good corporate governance.

ABX encourages the reporting of any instances of suspected unethical, illegal, fraudulent or undesirable conduct involving ABX's businesses, and will ensure that those persons who make a report shall do so without fear of intimidation, disadvantage or reprisal.

A copy of ABX Whistle-blower Policy is available on the ABX website (under "Corporate Governance").

**g) Anti-bribery and corruption policy**

ABX has zero tolerance for bribery and corruption and are committed to identifying and preventing bribery and corruption. Any breach will be treated seriously and may result in disciplinary action, dismissal or termination of contract.

A copy of ABX Anti-bribery and Corruption Policy is available on the ABX website (under "Corporate Governance").

**h) Audit Committee and Management of Risk**

The Company's board sits as the audit and risk committee.

**i) Remuneration Arrangements**

The Board will decide the remuneration of an executive Director, without the affected executive Director participating in that decision-making process.

The total maximum remuneration of non-executive Directors is initially set by the Constitution and subsequent variation is by ordinary resolution of Shareholders in general meeting in accordance with the Constitution, the Corporations Act and the ASX Listing Rules, as applicable. The determination of non-executive Directors' remuneration within that maximum will be made by the Board having regard to the inputs and value to the Company

of the respective contributions by each non-executive Director. The current amount has been set at an amount not to exceed \$200,000 per annum.

In addition, a Director may be paid fees or other amounts (subject to any necessary Shareholder approval) for example non-cash performance incentives such as Options as determined by the Board where a Director performs special duties or otherwise performs services outside the scope of the ordinary duties of a Director.

Directors are also entitled to be paid reasonable travelling, hotel and other expenses incurred by them respectively in or about the performance of their duties as Directors. The Board reviews and approves the remuneration policy to enable the Company to attract and retain executives and Directors who will create value for Shareholders having consideration to the amount considered to be commensurate for a company of its size and level of activity as well as the relevant Directors' time, commitment and responsibility. The Board is also responsible for reviewing any employee incentive and equity-based plans including the appropriateness of performance hurdles and total payments proposed.

#### **j) Shareholder Communications**

The Board strives to ensure that Shareholders are provided with sufficient information to assess the performance of the Company and its Directors and to make well-informed investment decisions. Information is communicated to Shareholders through:

- i. annual and half-yearly financial reports and quarterly reports;
- ii. annual and other general meetings convened for Shareholder review and approval of Board proposals;
- iii. continuous disclosure of material changes to ASX for open access to the public; and,
- iv. the Company maintains a website where all ASX announcements, notices and financial reports are published as soon as possible after release to ASX.

The auditor is invited to attend the annual general meeting of Shareholders. The Chairman will permit Shareholders to ask questions about the conduct of the audit and the preparation and content of the audit report.

#### **k) Trading in ABX Shares**

ABX Share Trading Policy prohibits Directors from taking advantage of their position or information acquired, in the course of their duties, and the misuse of information for personal gain or to cause detriment to ABX.

Directors, senior executives and employees are required to advise ABX's Company Secretary of their intentions prior to undertaking any transaction in ABX securities.

If an employee, officer or director is considered to possess material non-public information, they will be precluded from making a security transaction until after the time of public release of that information.

A copy of ABX Share Trading Policy is available on the ABX website (under "Corporate Governance").

#### **l) Corporate Social Responsibility**

ABX is committed to conducting our operations and activities in harmony with the environment and society, and wherever practicable to work in collaboration with communities and government institutions in decision-making and activities for effective, efficient and sustainable solutions.

Our aim is to minimize our environmental footprint and safeguard the environment while sharing the benefits of share the benefits of mining with our employees and the community and contribute to economic and social development, minimizing our environmental footprint and safeguarding the environment, now and for future generations.

A copy of ABX Environmental, Health and Social Charter is available on the ABX website (under "Corporate Governance").

**m) *Departures from Recommendations***

The Company is required to report any departures from the recommendations in its annual financial report.

**ASX Corporate Governance Council's Corporate Governance Principles and Recommendations**

PRINCIPLE	Response
<b>PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT</b>	
<b>Recommendation 1.1</b>	
<p>The entity should have and disclose a charter, which sets out the the respective roles and responsibilities of the board, the Chair and management; and includes a description of those matters expressly reserved to the board and those delegated to management</p>	<p>Complies.</p> <p>The Company's Corporate Governance Plan includes a Board Charter, which discloses the specific responsibilities of the Board. The responsibilities delegated to the senior management team are set out in the Board Charter.</p> <p>The Board Charter can be viewed at the Company's website  <a href="http://www.australianbauxite.com.au/Corporate-Governance.htm">http://www.australianbauxite.com.au/Corporate-Governance.htm</a></p>
<b>Recommendation 1.2</b>	
<p>The entity should undertake appropriate checks before appointing a person, or putting forward to security holders a candidate for election, as a director.</p> <p>The entity should provide security holders with all material information in its possession relevant to a decision on whether or not to elect or re-elect a director.</p>	<p>Complies.</p> <p>The Company has conducted appropriate checks for all current Directors.</p> <p>The Company will undertake appropriate checks described in Guidance Note 1, paragraph 3.15 issued by the ASX before appointing a person, or putting forward to Shareholders a candidate for election, as a Director.</p>
<b>Recommendation 1.3</b>	
<p>The entity should have a written agreement with each director and senior executive setting out the terms of their appointment.</p>	<p>Does not yet comply.</p> <p>Not all Directors have written agreement setting out the terms of their appointment. The Company will endeavour to finalise these agreements shortly.</p>
<b>Recommendation 1.4</b>	
<p>The company secretary of the entity should be accountable directly to the board, through the chair, on all matters to do with the proper functioning of the board.</p>	<p>Complies.</p> <p>The Company Secretary has been appointed and is accountable directly to the Board, through the Chairperson, on all matters to do with the proper functioning of the Board.</p>
<b>Recommendation 1.5</b>	
<p>The entity should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity for the board to assess</p>	<p>Complies.</p> <p>The Diversity Policy is disclosed on the Company's website.</p>

annually both the objectives and the progress in achieving them.	
The entity should disclose in its annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and its progress towards achieving them.	Details of the Company’s measurable objectives for achieving gender diversity and its progress towards achieving them and the entity’s gender diversity figures are set out in the Company’s annual report.
The entity should disclose in its annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.	The Company has gender-diversity at various levels of management. However, the Company has not reported diversity metrics in the FY19 Annual Report. The Company will consider providing this disclosure in future Annual Reports.
<b>Recommendation 1.6</b>	
The entity should have and disclose a process for periodically evaluating the performance of the board, its committees and individual directors and disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process.	Will comply.  The Company will disclose the process for evaluating the performance of the Board, its committees and individual directors in its future annual reports.  Details of the performance evaluations undertaken will be set out in future annual reports.
<b>Recommendation 1.7</b>	
The entity should have and disclose a process for periodically evaluating the performance of its senior executives; and disclose, in relation to each reporting period, whether a performance evaluation was undertaken in the reporting period in accordance with that process	Complies.  Senior executive key performance indicators are set annually, with performance appraised by the Board, and reviewed in detail by the Board.  The internal review is to be conducted on an annual basis and if deemed necessary an independent third party will facilitate this internal review.  Details of the performance evaluations undertaken will be set out in future annual reports.
<b>PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE</b>	
<b>Recommendation 2.1</b>	
The entity’s board should have a nomination committee which has at least three members, a majority of whom are independent directors; and is chaired by an independent director.	Does not comply.  The Company does not have a nomination committee
The entity should disclose the charter of the committee, the members of the committee; and as at the end of each reporting period, the number of times the committee met throughout the period and	Currently the role of the nomination committee is undertaken by the full Board. The Company intends

the individual attendances of the members at those meetings.	to establish a nomination committee once the Company's operations are of sufficient magnitude.
If the entity does not have a nomination committee, it should disclose that fact and the processes it employs to address board succession issues and to ensure that the board has the appropriate balance of skills, knowledge, experience, independence and diversity to enable it to discharge its duties and responsibilities effectively.	The Company does not have a nomination committee. The Board evaluates the skills, experience of its members and then determines whether additional members should be invited to the Board to complement or replace the existing members.
<b>Recommendation 2.2</b>	
The entity should have and disclose a board skills matrix setting out the mix of skills and diversity that the board currently has or is looking to achieve in its membership.	Does not yet comply.  The Company intends to develop a board skill matrix setting out the mix of skills and diversity the Board has and requires. The skill matrix will be available at the Company's website once finalised.
<b>Recommendation 2.3</b>	
The entity should disclose the names of the directors considered by the board to be independent directors and the length of service of each director.	Complies.  The Company's independent directors are Mr Ken Boundy and Mr Paul Anthony Lennon
The entity should disclose if a director has an interest, position, association or relationship of the type described in Box 2.3 of the ASX Corporate Governance Principles and Recommendation (3 <sup>rd</sup> edition) but the board is of the opinion that it does not compromise the independence of the director, the nature of the interest, position, association or relationship in question and an explanation of why the board is of that opinion	The independence of the directors and length of service of each director are set out in the Company's annual report.  Details of any relevant interest, position, association or relationship impacting upon a director's independence are set out in the Company's annual report.
<b>Recommendation 2.4</b>	
A majority of the board of the entity should be independent directors.	Complies  The Company has three directors. Two of these directors are non-executive directors.
<b>Recommendation 2.5</b>	
The chair of the board of the entity should be an independent director and, in particular, should not be the same person as the CEO / Managing Director of the entity.	Complies  The chair is an independent director, and is a different person to the CEO of the entity.
<b>Recommendation 2.6</b>	
The entity should have a program for inducting new directors and provide appropriate professional development opportunities for directors to develop and maintain the skills and knowledge needed to perform their role as directors effectively.	Does not yet comply.

	<p>Currently the induction of new directors and plan for professional development is managed informally by the full Board.</p> <p>The Company intends to develop a formal program for inducting new directors and providing appropriate professional development opportunities consistent with the development of the Company.</p>
<p><b>PRINCIPLE 3: ACT ETHICALLY AND RESPONSIBLY</b></p>	
<p><b>Recommendation 3.1</b></p>	
<p>The entity should establish articulate and disclose its values</p>	<p>Complies.</p> <p>The Board has a Code of Conduct to guide compliance with legal, ethical and other obligations to legitimate stakeholders and the responsibility and accountability required of the Group’s personnel for reporting and investigating unethical practices or circumstances where there are beaches of the Code.</p> <p>The Code of Conduct is available on the Company’s website.</p>
<p><b>Recommendation 3.2</b></p>	
<p>A listed entity should:</p> <p>(a) have and disclose a code of conduct for its directors, senior executives and employees; and</p> <p>(b) ensure that the board or a committee of the board is informed of any material breaches of that code by a director or senior executive; and</p> <p>(2) any other material breaches of that code that call into question the culture of the organisation.</p>	<p>Complies.</p> <p>The Company’s Corporate Governance Plan includes a Code of Conduct, which discloses the specific responsibility and accountability of FCG directors, senior executives and employees</p> <p>The Code of Conduct can be viewed at the Company’s website  <a href="http://www.australianbauxite.com.au/Corporate-Governance.htm">http://www.australianbauxite.com.au/Corporate-Governance.htm</a></p>
<p><b>Recommendation 3.3</b></p>	
<p>A listed entity should have and disclose a whistleblower policy and ensure that the board or a committee of the board is informed of any material incidents reported under that policy.</p>	<p>Complies.</p> <p>The Company’s Corporate Governance Plan includes a whistleblower policy, which encourages promoting and supporting a culture of honest and ethical behaviour, corporate compliance and good corporate governance.</p> <p>The whistleblower policy can be viewed at the Company’s website  <a href="http://www.australianbauxite.com.au/Corporate-Governance.htm">http://www.australianbauxite.com.au/Corporate-Governance.htm</a></p>

<p><b>Recommendation 3.4</b></p> <p>A listed entity should have and disclose an anti-bribery and corruption policy and ensure that the board or committee of the board is informed of any material breaches of that policy.</p>	<p>Complies.</p> <p>The Company’s Corporate Governance Plan includes an anti-bribery and corruption policy, which outlines the Company’s commitment to comply with the laws and regulations and acting in an ethical manner, consistent with the principles of honesty, integrity, fairness and respect.</p> <p>The anti-bribery and corruption policy can be viewed at the Company’s website  <a href="http://www.australianbauxite.com.au/Corporate-Governance.htm">http://www.australianbauxite.com.au/Corporate-Governance.htm</a></p>
<p><b>PRINCIPLE 4: SAFEGUARD INTEGRITY IN FINANCIAL REPORTING</b></p>	
<p><b>Recommendation 4.1</b></p> <p>The board of the entity should have an audit committee, which consists only of non-executive directors, a majority of which are independent directors and is chaired by an independent chair that is not the chair of the board.</p> <p>The entity should disclose the charter of the committee, the members of the committee and as at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings.</p>	<p>Partially complies.</p> <p>The board has established an audit and risk committee Charter.</p> <p>Members of the committee comprise the whole board of directors.</p> <p>A summary of the charter and details of the number of times the audit and risk committee met throughout the period and the individual attendances of the members at those meetings are set out in the Company’s annual report.</p> <p>The full audit and risk committee charter is available on the Company’s website.</p>
<p><b>Recommendation 4.2</b></p> <p>The board should disclose whether it has, before approving the entity’s financial statements for the financial period receive assurance from its Chief Executive Officer (or equivalent) and the Chief Financial Officer (or equivalent) a declaration that the financial records of the entity have been properly maintained and that the financial statements comply with the appropriate accounting standards and give a true and fair view of the financial position and performance of the entity and that the opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively in all material respects in relation to financial reporting risks.</p>	<p>Complies.</p> <p>The Board requires the Chief Executive Officer and the Chief Financial Officer to provide such a statement before approving the entity’s financial statements for a financial period.</p>

<b>Recommendation 4.3</b>	
A listed entity should disclose its process to verify the integrity of any periodic corporate report it releases to the market that is not audited or reviewed by an external auditor.	Complies.  The Company goes through external auditor approval for its corporate reports. External auditor attends AGMs and is available to answer questions from Security Holders relevant to the audit.
<b>PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE</b>	
<b>Recommendation 5.1</b>	
The entity should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at senior executive level for that compliance and disclose those policies or a summary of those policies.	Complies.  The Company has a written policy on information disclosure. The focus of these policies and procedures is continuous disclosure and improving access to information for investors.  The Company's continuous disclosure policy can be viewed at the Company's website.
<b>Recommendation 5.2</b>	
A listed entity should ensure that its board receives copies of all material market announcements promptly after they have been made.	Complies.
<b>Recommendation 5.3</b>	
A listed entity that gives a new and substantive investor or analyst presentation should release a copy of the presentation materials on the ASX Market Announcements Platform ahead of the presentation.	Complies.
<b>PRINCIPLE 6: RESPECT THE RIGHTS OF SHAREHOLDERS</b>	
<b>Recommendation 6.1</b>	
The entity should provide information about itself and its governance to investors via its website.	Complies.  The Company has provided specific information about itself and its key personnel and has developed a comprehensive Corporate Governance Plan.  Details can be found at the Company's website.
<b>Recommendation 6.2</b>	
The entity should design and implement an investor relations program to facilitate effective two-way communication with investors.	Complies.  The Company has established a Shareholder's Communication Policy. The Company recognises the importance of forthright communications and aims to ensure that the shareholders are informed of all major developments affecting the Company.

	Details of the Shareholder’s Communication Policy can be found on the Company’s website.
<b>Recommendation 6.3</b>	
The entity should disclose the policies and processes it has in place to facilitate and encourage participation at meetings of security holders.	Complies.  The Shareholder’s Communication Policy is available on the Company’s website and details are set out in the Company’s annual report.
<b>Recommendation 6.4</b>	
A listed entity should ensure that all substantive resolutions at a meeting of security holders are decided by a poll rather than by a show of hands.	Will comply at the next relevant meeting
<b>Recommendation 6.5</b>	
A listed entity should give security holders the option to receive communications from, and send communications to, the entity and its security registry electronically.	Complies.  The Company has provided the option to receive communications from, and send communications to, the entity and its security registry electronically.
<b>PRINCIPLE 7: RECOGNISE AND MANAGE RISK</b>	
<b>Recommendation 7.1</b>	
The board of a listed entity should have a committee or committees to oversee risk, each of which has at least three members, a majority of whom are independent directors and is chaired by an independent director.  The entity should disclose the charter of the committee, the members of the committee and at the end of each reporting period, the number of times the committee met throughout the period and the individual attendances of the members at those meetings.	Complies.  The Board has established an audit and risk committee to oversee risk which is comprised of the whole Board.  Details of the number of times the committee met and the individual attendances of the members at those meetings is set out in the Company’s annual report.
<b>Recommendation 7.2</b>	
The board or board committee should review the entity’s risk management framework at least annually to satisfy itself that it continues to be sound, to determine whether there have been any changes in the material business risk the entity faces and to ensure that they remain with the risk appetite set by the board.	Complies.
The entity should also disclose in relation to each reporting period, whether such a review has taken place	The Company’s Corporate Governance Plan includes a Risk Management Review Procedure and Compliance and Control policy.

	<p>The Board determines the Company’s “risk profile” and is responsible for overseeing and approving risk management strategy and policies, internal compliance and internal control.</p> <p>The Board has delegated to the audit and risk committee the responsibility for implementing the risk management system.</p> <p>Details of the number of times the committee conducted a risk management review in relation to each reporting period will be disclosed in its annual reports.</p>
<b>Recommendation 7.3</b>	
<p>The entity should disclose if it has an internal audit function, how the function is structured and what role it performs. If the entity does not have an internal audit function, the entity should disclose that fact and the processes it employs for evaluating and continually improving the effectiveness of its risk management and internal control processes.</p>	<p>Does not yet comply.</p> <p>The Board has delegated the internal audit function to the audit and risk committee and intends to establish and implement the structure and role of the internal audit function.</p> <p>The Company will disclose the details of the internal audit function in its future annual reports.</p>
<b>Recommendation 7.4</b>	
<p>The entity should disclose whether it has any material exposure to economic, environmental and social sustainability risks and, if it does, how it manages or intends to manage those risks.</p>	<p>Complies.</p> <p>The Company has an Audit and Risk committee appointed to manage economic sustainability and risk. In addition to this the Company also has an Environmental and Social Charter on its website, and manages environmental and social sustainability risks accordingly.</p> <p>With respect to the Tenements, the Company complies with environmental regulatory requirements and risk through the relevant authorities issued pursuant to permits from the relevant government departments in NSW, QLD and Tasmania.</p>
<b>PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY</b>	
<b>Recommendation 8.1</b>	
<p>The board should establish a remuneration committee which has at least three members, a majority of whom are independent directors and is chaired by an independent director.</p>	<p>Does not yet comply due to the size of the Company.</p>
<p>If the entity does not have a remuneration committee, the entity should disclose that fact and</p>	<p>The Board has adopted a Remuneration Committee Charter.</p>

<p>the processes it employs for setting the level and composition of remuneration for directors and senior executives and ensuring that such remuneration is appropriate and not excessive.</p>	<p>However, the Company is not of a size that justifies having a separate Remuneration Committee so matters typically considered by such a committee are dealt with by the full Board.</p> <p>The Board has reviewed, through independent sources, the level and composition of remuneration for Directors and senior executives to ensure that such remuneration is appropriate and not excessive.</p>
<p><b>Recommendation 8.2</b></p>	
<p>The entity should separately disclose its policies and practices regarding the remuneration of non-executive directors and the remuneration of executive directors and other senior executives.</p>	<p>Complies.</p> <p>The Company distinguishes the structure of Non-executive Directors' remuneration from Executive Directors and senior executives.</p> <p>Details of the policies and practices regarding remuneration are set out in the Company's annual report.</p> <p>The Remuneration Committee Charter is disclosed on the Company's website.</p>
<p><b>Recommendation 8.3</b></p>	
<p>If the entity has an equity-based remuneration scheme it should have a policy on whether participants are permitted to enter into transactions (whether through the use of derivatives or otherwise) which limit the economic risk of participating in the scheme; and disclose that policy or a summary of it.</p>	<p>Complies.</p> <p>The Company's Policy on Dealing with Company Securities prohibits executive staff from undertaking hedging or other strategies that could limit the economic risk associated with Company Securities issued under any equity based remuneration scheme.</p> <p>The Company's Share Trading Policy can be viewed on the Company's website.</p>
<p><b>PRINCIPLE 9: ADDITIONAL RECOMMENDATIONS THAT APPLY ONLY IN CERTAIN CASES</b></p>	
<p><b>Recommendation 9.1</b></p>	
<p>A listed entity with a director who does not speak the language in which board or security holder meetings are held or key corporate documents are written should disclose the processes it has in place to ensure the director understands and can contribute to the discussions at those meetings and understands and can discharge their obligations in relation to those documents.</p>	<p>We do not have a director in this position and therefore this recommendation is not applicable.</p>

<b>Recommendation 9.2</b>	
A listed entity established outside Australia should ensure that meetings of security holders are held at a reasonable place and time.	We do not have a director in this position and therefore this recommendation is not applicable.
<b>Recommendation 9.3</b>	
A listed entity established outside Australia, and an externally managed listed entity that has an AGM, should ensure that its external auditor attends its AGM and is available to answer questions from security holders relevant to the audit.	We do not have a director in this position and therefore this recommendation is not applicable.

## CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2019

	Notes	Consolidated Group	
		2019 \$'000	2018 \$'000
Revenue	4	2,172	177
Other income and expenses	4	865	864
Administrative and exploration expenses	5	(5,436)	(3,347)
Finance costs	5	(77)	(68)
<b>Profit/(Loss) before income tax expense</b>		<b>(2,476)</b>	<b>(2,374)</b>
Income tax	6(a)	-	-
<b>Profit/(Loss) after tax for the year</b>		<b>(2,476)</b>	<b>(2,374)</b>
<b>Other Comprehensive Income</b>			
Other comprehensive income		-	-
Income tax		-	-
Other comprehensive income after tax		-	-
<b>Total comprehensive income/(loss) attributable to members of the consolidated entity</b>		<b>(2,476)</b>	<b>(2,374)</b>
<b>Earnings/(Loss) per share</b>		<b>Cents</b>	<b>Cents</b>
Basic earnings/(loss) per share (cents)	23	(1.70)	(1.63)
Diluted earnings/(loss) per share (cents)	23	(1.68)	(1.62)

The above Statement should be read in conjunction with the accompanying notes.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

As at 31 December 2019

	Notes	Consolidated Group	
		2019 \$'000	2018 \$'000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	7	909	1,844
Trade and other receivables	8	83	1,265
Other current assets	9	72	93
Financial assets	12	-	-
<b>Total current assets</b>		<b>1,064</b>	<b>3,202</b>
<b>Non-current assets</b>			
Trade and other receivables	8	56	44
Plant and equipment	10	496	-
Mining tenements	11	15,501	15,461
<b>Total non-current assets</b>		<b>16,053</b>	<b>15,505</b>
<b>Total Assets</b>		<b>17,117</b>	<b>18,707</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	13	1,464	1,140
Employee benefits provision	14	102	82
Other Liabilities	15	303	265
<b>Total current liabilities</b>		<b>1,869</b>	<b>1,487</b>
<b>Non-current liabilities</b>			
Employee benefits provision	14	117	88
Other Liabilities	15	315	435
<b>Total non-current liabilities</b>		<b>432</b>	<b>523</b>
<b>Total Liabilities</b>		<b>2,301</b>	<b>2,010</b>
<b>Net Assets</b>		<b>14,816</b>	<b>16,697</b>
<b>EQUITY</b>			
Issued capital	16	25,312	25,312
Other Contributed Equity – controlled entity		-	1,519
Reserves	17	2,691	593
Accumulated losses		(13,203)	(10,727)
<b>Total equity attribute to equity holder of parent entity</b>		<b>14,800</b>	<b>16,697</b>
Non-controlling interest		16	-
<b>Total Equity</b>		<b>14,816</b>	<b>16,697</b>

The above Statement should be read in conjunction with the accompanying notes.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

For the year ended 31 December 2019

<b>Consolidated Group</b>	Notes	<b>Issued Capital \$'000</b>	<b>Reserves Other Contribute d Equity \$'000</b>	<b>Reserve \$'000</b>	<b>Non- controlling interest \$'000</b>	<b>Accumulated Losses \$'000</b>	<b>Total Equity \$'000</b>
<b>Balance at 1 January 2019</b>	16	<b>25,312</b>	<b>1,519</b>	<b>593</b>	-	<b>(10,727)</b>	<b>16,697</b>
Share placement		-	-	-	-	-	-
Share issuing cost		-	-	-	-	-	-
Business combination		-	<b>(1,519)</b>	<b>2,098</b>	<b>16</b>	-	<b>595</b>
Profit/(loss) for the year		-	-	-	-	<b>(2,476)</b>	<b>(2,476)</b>
<b>Balance at 31 December 2019</b>	16	<b>25,312</b>	-	<b>2,691</b>	<b>16</b>	<b>(13,203)</b>	<b>14,816</b>
<b>Balance at 1 January 2018</b>		25,075	-	593	-	(8,353)	17,315
Share placement		-	-	-	-	-	-
Share issued in lieu of services		237	-	-	-	-	237
Convertible notes issued		-	1,519	-	-	-	1,519
Share issuing cost		-	-	-	-	-	-
Profit/(loss) for the year		-	-	-	-	(2,374)	(2,374)
<b>Balance at 31 December 2018</b>	16	<b>25,312</b>	<b>1,519</b>	<b>593</b>	-	<b>(10,727)</b>	<b>16,697</b>

The above Statement should be read in conjunction with the accompanying notes.

**CONSOLIDATED STATEMENT OF CASH FLOWS**

For the year ended 31 December 2019

		<b>Consolidated Group</b>	
		<b>2019</b>	<b>2018</b>
		<b>\$'000</b>	<b>\$'000</b>
Notes			
	<b>Cash flows from operating activities</b>		
	Receipts from customers	2,100	97
	Payments to suppliers, service providers and employees	(4,743)	(1,226)
	Interest paid	-	-
	Interest received	23	32
	<b>Net cash (used in)/provided by from operating activities</b>	<b>(2,620)</b>	<b>(1,097)</b>
19			
	<b>Cash flows from investing activities</b>		
	Acquisition of plant and equipment	(496)	(2)
	Acquisition of investment	-	-
	Repayment from/(Advance to) other entities	440	(1,181)
	Advanced from other party	300	-
	Government fund refunded	846	667
	<b>Net cash provided by/(used in) from investing activities</b>	<b>1,090</b>	<b>(516)</b>
	<b>Cash flows from financing activities</b>		
	Proceeds from issues of shares	-	-
	Share issuing costs	-	-
	Issue convertible note - controlled entity	595	1,519
	<b>Net cash provided by/(used in) from financing activities</b>	<b>595</b>	<b>1,519</b>
	<b>Net (decrease)/ increase in cash and cash equivalents</b>	<b>(935)</b>	<b>(94)</b>
	Cash and cash equivalents at the beginning of the year	1,844	1,938
	<b>Cash and cash equivalents at the end of the year</b>	<b>909</b>	<b>1,844</b>
7			

The above Statement should be read in conjunction with the accompanying notes.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2019

### 1. CORPORATE INFORMATION

The consolidated financial statement and notes of Australian Bauxite Limited for the year ended 31 December 2019 was authorised for issue in accordance with a resolution of the Directors and covers Australian Bauxite Limited as an individual parent entity as well as the consolidated entity consisting of Australian Bauxite Limited and its subsidiaries as required by the *Corporations Act 2001*.

The consolidated financial statement and notes is presented in Australian currency.

Australian Bauxite Limited is a company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange (**ASX**).

The Company was incorporated as an unlisted public company on 23 September 2009 and successfully listed on the ASX on 24 December 2009.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### a. Basis of Preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporation Act 2001*.

##### *Statement of Compliance*

Compliance with Australian Accounting Standards ensures that the financial report of Australian Bauxite Limited complies with International Financial Reporting Standards ('IFRS').

##### *Critical to accounting estimates*

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

##### *Critical judgements*

Management have made the following judgements when applying the Group's accounting policies:

##### Capitalisation of exploration costs

The Group follows the guidance of AASB 6 Exploration for and Evaluation of Mineral Resources when determining if exploration costs incurred can be capitalised. This determination requires significant judgement. In making this judgement, the Group evaluates if any one of the following conditions is met:

- The exploration and evaluation expenditures are expected to be recouped through successful development and exploitation of the area of interest, or alternatively, by its sale; and
- Exploration and evaluation activities in the area of interest have not at the reporting date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active and significant operations in, or in relation to, the areas of interest are continuing.
- During the financial year, there were commodity price drops. No impairment losses were recognised as no significant production has occurred resulting in sales at prices requiring write-down of capitalised expenditures.

If one of the above conditions is met then the Group has made the judgement to capitalise the associated exploration expenses.

##### *Going Concern*

This financial report has been prepared on a going concern basis, which contemplates the continuity of business activities and the realisation of assets and payments of liabilities in the normal course of business.

The directors believe the Company will be able to pay its debts as and when they fall due and to fund near term anticipated activities.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

### *Historical cost convention*

These financial statements have been prepared on an accruals basis and are based on the historical cost convention except where noted in these accounting policies.

### *Material Accounting Policies*

The policies adopted in the preparation of these financial statements are presented below and have been consistently applied unless otherwise stated.

### *ASIC Class Order 98/100*

The Company is of a kind referred to in ASIC Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

## b. Principles of consolidation

### Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Australian Bauxite Limited (the "parent entity") as at reporting date and the results of all subsidiaries for the year then ended. Australian Bauxite Limited and its subsidiaries together are referred to in this financial report as the Group.

Subsidiaries are all those entities over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group.

Intercompany transactions, balances and unrealised gains on transactions between consolidated entity companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

### Business Combinations

Business combinations occur where an acquirer obtains control over one or more businesses.

A business combination is accounted for by applying the acquisition method, unless it is a combination involving entities or businesses under common control. The business combination will be accounted for from the date that control is attained, whereby the fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed is recognised (subject to certain limited exemptions).

When measuring the consideration transferred in the business combination, any asset or liability resulting from a contingent arrangement is also included. Subsequent to initial recognition, contingent consideration classified as equity is not remeasured and its subsequent settlement accounted for within equity. Contingent consideration classified as an asset or liability is remeasured in each reporting period to fair value, recognising any change to fair value in profit or loss, unless the change in value can be identified as existing at acquisition date.

All transaction costs incurred in relation to business combinations are recognised as expenses in profit or loss when incurred.

The acquisition of a business may result in the recognition of goodwill or a gain from a bargain purchase.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

### Goodwill

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is calculated as the excess of the sum of:

- The consideration transferred;
- Any non-controlling interest; and

The acquisition date fair value of any previously held equity interests over the acquisition date fair value of net assets acquired.

The acquisition date fair value of the consideration transferred for a business combination plus the acquisition date fair value of any previously held equity holdings shall form the cost of the investment in the separate financial statements.

Fair value remeasurements in any pre-existing equity holdings are recognised in profit or loss in the period in which they arise. Where changes in the value of such equity holdings had previously been recognised in other comprehensive income, such amounts are recycled to profit or loss.

The amount of goodwill recognised on acquisition of each subsidiary in which the Group holds less than a 100% interest will depend on the method adopted in measuring the non-controlling interest. The purchase method of accounting is used to account for the acquisitions of subsidiaries by the Group.

Under the full goodwill method, the fair value of the non-controlling interests is determined using valuation techniques which make the maximum use of market information where available. Under this method, goodwill attributable to the non-controlling interests is recognised in the consolidated financial statements.

Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill on acquisition of associates is included in investments in associates.

Goodwill is tested for impairment annually and is allocated to the Group's cash-generating units or groups of cash-generating units, representing the lowest level at which goodwill is monitored not larger than an operating segment. Gains and losses on the disposal of an entity include the carrying amount of goodwill related to the entity disposed of.

Changes in the ownership interests in a subsidiary are accounted for as equity transactions and do not affect the carrying amounts of goodwill.

### c. Segment reporting

A business segment is a group of assets and operations engaged in providing products or services that are subject to risks and returns that are different to those of other business segments. A geographical segment is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different from those of segments operating in other economic environments. Reporting to management by segments is on this basis.

### d. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognised for the major business activities as follows:

#### *Interest Revenue*

Interest revenue is recognised as it accrues taking into account the effective yield on the financial asset.

#### *Other Income*

Income from other sources is recognised when proceeds or the fee in respect of other products or services provided is receivable.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

### e. Income Tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities where the parent entity is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity.

The Company and its wholly owned entities are part of a tax-consolidated group under Australian taxation law. Australian Bauxite Limited is the head entity in the tax-consolidated group. Tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the 'separate taxpayer within group' approach. Current tax liabilities and assets and deferred tax assets arising from unused tax losses and tax credits of the members of the tax-consolidated group are recognised by the Company (as head entity in the tax-consolidated group).

The amounts receivable/payable under tax funding arrangements are due upon notification by the entity which is issued soon after the end of each financial year. Interim funding notices may also be issued by the head entity to its wholly owned subsidiary. These amounts are recognised as current intercompany receivables or payables.

### f. Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except:

- where the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

### g. Impairment of assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting period. Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

### h. Cash and cash equivalents

For the purpose of the statement of cash flows, cash includes cash on hand and in at call deposits with banks or financial institutions, investment in money market instruments maturing within less than two months, net of bank overdrafts.

### i. Trade and other receivables

Trade receivables are recognised initially at original invoice amounts and subsequently measured at amortised cost, less provision for doubtful debts. Trade receivables are due for settlement no more than 60 days from the date of recognition.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful receivables is established when there is objective evidence that entities in the Group will not be able to collect all amounts due according to the original terms of receivables.

### j. Financial Instruments

#### *Initial recognition and measurement*

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through profit or loss', in which case transaction costs are expensed to profit or loss immediately.

#### *Classification and subsequent measurement*

Finance instruments are subsequently measured at either of fair value, amortised cost using the effective interest rate method, or cost. Fair value represents the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties. Where available, quoted prices in an active market are used to determine fair value. In other circumstances, valuation techniques are adopted.

Amortised cost is calculated as:

- (a) the amount at which the financial asset or financial liability is measured at initial recognition;
- (b) less principal repayments;
- (c) plus or minus the cumulative amortisation of the difference, if any, between the amount initially recognised and the maturity amount calculated using the effective interest method; and
- (d) less any reduction for impairment.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

The effective interest method is used to allocate interest income or interest expense over the relevant period and is equivalent to the rate that exactly discounts estimated future cash payments or receipts (including fees, transaction costs and other premiums or discounts) through the expected life (or when this cannot be reliably predicted, the contractual term) of the financial instrument to the net carrying amount of the financial asset or financial liability. Revisions to expected future net cash flows will necessitate an adjustment to the carrying value with a consequential recognition of an income or expense in profit or loss.

The Group does not designate any interests in subsidiaries, associates or joint venture entities as being subject to the requirements of accounting standards specifically applicable to financial instruments.

### (i) *Financial assets at fair value through profit or loss*

Financial assets are classified at 'fair value through profit or loss' when they are either held for trading for the purpose of short-term profit taking, derivatives not held for hedging purposes, or when they are designated as such to avoid an accounting mismatch or to enable performance evaluation where a group of financial assets is managed by key management personnel on a fair value basis in accordance with a documented risk management or investment strategy. Such assets are subsequently measured at fair value with changes in carrying value being included in profit or loss.

### (ii) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after reporting date. (All other loans and receivables are classified as non-current assets.)

### (iii) *Held-to-maturity investments*

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the Group's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after reporting date. (All other investments are classified as current assets.)

If during the period the Group sold or reclassified more than an insignificant amount of the held-to-maturity investments before maturity, the entire held-to-maturity investments category would be tainted and reclassified as available-for-sale.

### (iv) *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivative financial assets that are either not suitable to be classified into other categories of financial assets due to their nature, or they are designated as such by management. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

Available-for-sale financial assets are included in non-current assets, except for those which are expected to be disposed of within 12 months after reporting date. (All other financial assets are classified as current assets.)

### (v) *Financial liabilities*

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

### *Fair value*

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

### *Impairment*

At the end of each reporting period, the Group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether impairment has arisen. Impairment losses are recognised in the statement of comprehensive income.

### *Derecognition*

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the entity no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expired. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed, is recognised in profit or loss.

### **k. Tenement exploration, evaluation and development costs**

Costs incurred in the exploration for, and evaluation of, tenements for suitable resources are carried forward as assets provided that one of the following conditions is met:

- the carrying values are expected to be justified through successful development and exploitation of the area of interest; or
- exploration activities in the area of interest have not yet reached a stage which permits a reasonable assessment of the existence or otherwise of recoverable mineral resources, and active and significant operations in relation to the area are continuing.
- Expenses failing to meet at least one of the aforementioned conditions are expensed as incurred.

Costs associated with the commercial development of resources are deferred to future periods, provided they are, beyond any reasonable doubt, expected to be recoverable. These costs are amortised from the commencement of commercial production of the product to which they relate on a straight-line basis over the period of the expected benefit. A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

### **l. Property, plant and equipment**

Land and building are shown at fair value, based on periodic valuations by external independent valuers, less subsequent depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. All other plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Consolidated Entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Consolidated Statement of Profit or Loss and other Comprehensive Income during the financial period in which they are incurred.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

Increases in the carrying amounts arising on revaluation of land and buildings are credited to the asset revaluation reserve in equity. A revaluation surplus is credited to the asset revaluation reserve included within shareholder's equity unless it reverses a revaluation decrease on the same asset previously recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income. A revaluation deficit is recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive unless it directly offsets a previous revaluation surplus on the same asset in the asset revaluation reserve.

On disposal, any revaluation reserve relating to sold assets is transferred to retained earnings. Independent valuations are performed regularly to ensure the carrying amounts of land and buildings do not differ materially from the fair value at the Consolidated Statement of Financial Position date.

Land is not depreciated. Depreciation on other assets is calculated using the straight line, over their estimated useful lives, as follows:

Plant and equipment 5-15 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each Statement of Financial Position date.

Any asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Consolidated Statement of Profit or Loss and Other Comprehensive Income.

### m. Leases

#### *Company as lessee*

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases, and capitalised at inception of the lease at the fair value of the leased property, or if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the Consolidated Statement of Profit or Loss and Other Comprehensive Income over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Capitalised leased assets are depreciated over the shorter for the estimated useful life of the asset or the lease term.

Leases where the lessor retains substantially all the risks and rewards of ownership of the net asset are classified as operating leases. Payments made under operating leases (net of incentives received from the lessor) are charged to the Consolidated Statement of Profit or Loss and Other Comprehensive Income on a straight-line basis.

#### *Company as lessor*

Lease income from operating leases is recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income on a straight –line basis over the lease term. Initial direct costs incurred in negotiating operating leases are added to the carrying value of the leased asset and recognised as an expense over the lease term on the bases as the lease income.

### n. Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued****o. Restoration and rehabilitation provisions**

Both for close down and restoration and for environmental clean-up costs from exploration programs, if any, a provision will be made in the accounting period when the related disturbance occurs, based on the net present value of estimated future costs.

**p. Employee benefits***(i) Short term employee benefits*

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

*(ii) Other long term employee benefits*

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date.

**q. Contributed equity**

Ordinary shares are classified as equity

**r. Other equity**

Convertible notes which are settled for a fixed amount of cash; may only be converted into a fixed number of shares and may not be redeemed for cash or other financial asset, are treated as other equity.

**s. Share based payments**

Ownership-based remuneration is provided to employees via an employee share option plan. Share-based compensation is recognised as an expense in respect of the services received, measured on a fair value basis.

The fair value of the options at grant date is independently determined using a Black Scholes option pricing model that takes into account the exercise price, the term of the option, the vesting and performance criteria, the impact of dilution, the non-tradeable nature of the option, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term of the option.

The fair value of the options granted excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each balance sheet date, the Group revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate.

Upon the exercise of options, the balance of the share-based payments reserve relating to those options is transferred to share capital.

**t. Earnings per share (EPS)**

Basic EPS is calculated as net profit attributable to members, adjusted to exclude costs of servicing equity (other than dividends), divided by the weighted average number of ordinary shares, adjusted for any bonus element.

Diluted EPS is calculated as net profit attributable to members, adjusted for costs of servicing equity (other than dividends), the after tax effect of dividends and interest associated with dilutive potential ordinary shares that have been recognised as expenses; and other non-discretionary changes in revenues or expenses during the period that would result from the dilution of potential ordinary shares; divided by the weighted average number of ordinary shares and dilutive potential ordinary shares, adjusted for any bonus element.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES continued

### u. New accounting standards for application

The AASB has issued new and amended accounting standards and interpretations that have mandatory application dates for future reporting periods. The Group has decided against early adoption of these standards. We have viewed these standards and interpretations and there are none having any material effect.

## 3. FINANCIAL RISK MANAGEMENT

### a. General objectives, policies and processes

In common with all other businesses, the Group is exposed to risks that arise from its use of financial instruments. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented throughout these financial statements.

There have been no substantive changes in the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

The Board has overall responsibility for the determination of the Group's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated the authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Group's finance function.

The Groups' risk management policies and objectives are therefore designed to minimise the potential impacts of these risks on the results of the Group where such impacts may be material. The Board receives reports from the Chief Financial Officer through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets. The Group's finance function also reviews the risk management policies and processes and reports their findings to the Audit Committee.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the group's competitiveness and flexibility. Further details regarding these policies are set out below:

### b. Credit Risk

Credit risk is the risk that the other party to a financial instrument will fail to discharge their obligation resulting in the Group incurring a financial loss. This usually occurs when debtors or counterparties to derivative contracts fail to settle their obligations owing to the Group.

The maximum exposure to credit risk at balance date is as follows:

	<b>Consolidated Group</b>	
	<b>2019</b>	2018
	<b>\$'000</b>	\$'000
<b>Financial Assets</b>		
<b>Current</b>		
Cash and cash equivalents	909	1,844
Trade and other receivables	860	1,987
<b>Non-Current</b>		
Trade and other receivables	146	142
	<b>1,915</b>	<b>3,973</b>
<b>Financial liabilities</b>		
<b>Current</b>		
Trade and other payables	1,464	1,140
<b>Non-Current</b>		
Other payable	-	-
	<b>1,464</b>	<b>1,140</b>

**3. FINANCIAL RISK MANAGEMENT continued****c. Liquidity risk**

Liquidity risk is the risk that the Group may encounter difficulties raising funds to meet commitments associated with financial instruments that is, borrowing repayments. There is no bank borrowing at the balance date. It is the policy of the Board of Directors that treasury reviews and maintains adequate committed credit facilities and the ability to close-out market positions.

**Maturity Analysis of financial assets**

	Carrying Amount \$'000	Contractual Cash Flows \$'000	< 6 mths \$'000	6 - 12 mths \$'000	1 - 3 years \$'000	> 3 years \$'000
<b>Consolidated 2019</b>						
<b>Current</b>						
Cash and cash equivalent	909	909	909	-	-	-
Trade and other receivables	860	860	97	763	-	-
<b>Non-current</b>						
Trade and other receivables	146	146	-	-	146	-
<b>Total financial assets</b>	<b>1,915</b>	<b>1,915</b>	<b>1,006</b>	<b>763</b>	<b>146</b>	<b>-</b>

**2018****Current**

Cash and cash equivalent	1,844	1,844	1,844	-	-	-
Trade and other receivables	1,987	1,987	786	1,201	-	-

**Non-current**

Trade and other receivables	142	142	-	-	142	-
<b>Total financial assets</b>	<b>3,973</b>	<b>3,973</b>	<b>2,630</b>	<b>1,201</b>	<b>142</b>	<b>-</b>

**Maturity Analysis of financial liabilities**

	Carrying Amount \$'000	Contractual Cash Flows \$'000	< 6 mths \$'000	6 - 12 mths \$'000	1 - 3 years \$'000	> 3 years \$'000
<b>Consolidated Group 2019</b>						
<b>Financial Liabilities</b>						
<b>Current</b>						
Trade and other payables	1,464	1,464	206	408	850	-
<b>Non-Current</b>						
Other Liabilities	-	-	-	-	-	-
<b>Total financial liabilities at amortised cost</b>	<b>1,464</b>	<b>1,464</b>	<b>206</b>	<b>408</b>	<b>850</b>	<b>-</b>

**2018****Financial Liabilities****Current**

Trade and other payables	1,140	1,140	290	-	850	-
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**Non-Current**

Other Liabilities	-	-	-	-	-	-
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**Total financial liabilities  
at amortised cost**

	1,140	1,140	290	-	850	-
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### 3. FINANCIAL RISK MANAGEMENT continued

#### d. Interest rate risk

The Group is constantly monitoring its exposure to trends and fluctuations in interest rates in order to manage interest rate risk. There is no bank borrowing at the balance date; therefore there is no material exposure to interest rate risk.

Sensitivity analysis

There is no bank borrowing at the balance date.

The following tables demonstrate the sensitivity to reasonably possible changes in interest rates, with all other variables held constant, of the Group's profit after tax (through the impact on fluctuation on deposit interest rate). There is no impact on the Group's equity.

	Carrying Amount \$'000	+1% of Profit/ (Loss) \$'000	-1% of Profit/ (Loss) \$'000
<b>Consolidated Group</b>			
<b>2019</b>			
Cash and cash equivalents	909	9	(9)
Tax charge of 27.5%		(3)	3
After tax increase/(decrease)	<u>909</u>	<u>6</u>	<u>(6)</u>
<b>2018</b>			
Cash and cash equivalents	1,844	18	(18)
Tax charge of 27.5%		(5)	5
After tax increase/(decrease)	<u>1,844</u>	<u>13</u>	<u>(13)</u>

#### e. Currency risk

In 2019, the consolidated entity and parent entity were not exposed to foreign currency risk (2018: Nil)

#### f. Capital risk management

The Group considers its capital to comprise its ordinary share capital and reserves.

In managing its capital, the group's primary objectives are to pay dividends and maintain liquidity. These objectives dictate any adjustments to capital structure. Rather than set policies, advice is taken from professional advisors as to how to achieve these objectives. There has been no change in either these objectives or what is considered capital in the year.

### 4. REVENUE

	Consolidated Group	
	2019 \$'000	2018 \$'000
<b>Revenue</b>		
Sale of mineral	2,100	96
Interest income	72	81
	<u>2,172</u>	<u>177</u>
<b>Other Income and expenses</b>		
Government research and development concession refunded	865	667
Others	-	197
	<u>865</u>	<u>864</u>

**5. EXPENSES**

	<b>Consolidated Group</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
Profit/(loss) before income tax arrived after (charging)/crediting the following specific items:		
<b>Administrative and exploration expenses</b>		
Directors and employee salaries and on costs not capitalised	(159)	(506)
Consulting and professional fee	(129)	(140)
Exploration expenses not capitalised	(4,866)	(2,424)
Others	(282)	(277)
	<u>(5,436)</u>	<u>(3,347)</u>
<b>Finance costs</b>		
Depreciation	(1)	(1)
Interest paid	(17)	-
Provision for doubtful debt	(48)	(58)
Others	(11)	(9)
	<u>(77)</u>	<u>(68)</u>

**6. INCOME TAX****a. Income tax**

	<b>Consolidated Group</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
Current tax expense	-	-
Deferred tax expense	-	-
Total income tax expense	<u>-</u>	<u>-</u>
Deferred tax expense		
Increase/(decrease) in deferred tax expense	<u>-</u>	<u>-</u>

**b. Numerical reconciliation of income tax expense to prima facie tax payable**

	<b>Consolidated Group</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
Profit/(Loss) from continuing operations before income tax expense	<u>(2,476)</u>	<u>(2,374)</u>
Income tax expense (benefit) calculated at 27.5% (2018:27.5%)	(681)	(653)
Timing differences not brought to account	(17)	329
Tax losses not brought to account accrued during the year	698	324
Income tax expense at effective tax rate of 27.5% (2018:27.5%)	<u>-</u>	<u>-</u>

**6. INCOME TAX continued****c. Unrecognised deferred tax assets and liabilities**

	<b>Consolidated Group</b>	
	<b>2019</b>	2018
	<b>\$'000</b>	\$'000
Deferred tax assets and liabilities have not been recognised in the balance sheet for the following items:		
Prior year unrecognised tax losses now ineligible due to change in tax consolidation group		
Other deductible temporary differences	<b>(142)</b>	(54)
Deferred tax asset in respect of exploration activities not brought to account	<b>4,388</b>	4,771
Deferred tax liability in respect of exploration activities not recognized to the extent of unrecognised deferred tax asset	<b>(4,263)</b>	(4,388)
Deferred tax asset/(liability) in respect of exploration activities not recognised to the extent of unrecognised deferred tax asset & failure of the probability criteria	<b>(17)</b>	329

**7. CASH AND CASH EQUIVALENTS**

	<b>Consolidated Group</b>	
	<b>2019</b>	2018
	<b>\$'000</b>	\$'000
Cash and cash equivalents	<b>504</b>	1,239
Cash held in trust – tenement deposit and guarantee	<b>405</b>	605
	<b>909</b>	1,844

**a. Reconciliation to cash at the end of the year**

	<b>Consolidated Group</b>	
	<b>2019</b>	2018
	<b>\$'000</b>	\$'000
The above figures are reconciled to cash at the end of the financial year as shown in the statement of cash flows as follows:		
Cash and cash equivalents	<b>909</b>	1,844
Balances per Statement of Cash Flows	<b>909</b>	1,844
Weighted Average Interest Rates	<b>1.50%</b>	1.80%

**b. Interest rate risk exposure**

The Group's and the parent entity's exposure to interest rate risk is discussed in Note 3.

**8. TRADE AND OTHER RECEIVABLES**

	<b>Consolidated Group</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Current</b>		
Tenement security deposit	48	87
Receivable - advance to other parties	763	720
Receivable - advance to other entity	-	1,180
Receivables - GST	49	(2)
Provision for doubtful debt	(777)	(720)
	<b>83</b>	<b>1,265</b>
<b>Non-Current</b>		
Receivable - Employee share plan	146	142
Provision for doubtful debt	(90)	(98)
	<b>56</b>	<b>44</b>

**a. Impaired receivables and receivables past due**

None of the current or non-current receivables are impaired or past due but not impaired. Provision for Mr Kinstlinger advances were made and the related securities were partly disposed in repaying the advance.

**b. Receivable - advance to other parties**

In 2010 the Company advanced a \$520,000 interest bearing full recourse loan to Mr Henry Kinstlinger, Company Secretary, under a personal loan and the employee share option plan. The Company further advanced a \$30,000 unsecured interest bearing full recourse loan to Mr Kinstlinger in 2012.

The Company advanced a \$35,000 interest bearing full recourse unsecured loan to consultant in 2014.

A provision of \$0.77M was made at reporting date.

Please refer to Note 24 for details.

**c. Receivables - GST**

These amounts relate to receivables for GST paid.

**d. Receivable - advance to other entity**

Company advanced \$nil million(2018:1.1 million) loan to one entity in setting up the research & development production facilities to improve its bauxite mineral process.

**e. Receivable Employee share plan**

The Company advanced \$146,000 interest bearing full recourse loan to three employees under the Company's employee share option plan in late 2014. A provision of \$0.09M was made at reporting date.

Please refer Note 24 for details.

**8. TRADE AND OTHER RECEIVABLES continued****f. Interest rate risk**

Information about the Group's and the parent entity's exposure to interest rate risk in relation to trade and other receivables is provided in Note 3.

**g. Fair value and credit risk***Current trade and other receivables*

Due to the short term nature of these receivables, their carrying amount is assumed to approximate their fair value.

The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables mentioned above.

*Non-current trade and other receivables*

The fair values and carrying values of non-current receivables are as follows:

The controlled entities receivables have no terms of repayment and are not interest bearing.

	2019		2018	
	Carrying Amount \$'000	Fair Value \$'000	Carrying Amount \$'000	Fair Value \$'000
<b>Consolidated Group</b>				
Receivable - Employee Share Plan	146	56	142	44
Receivables - Other Parties	763	-	1,900	1,180

**9. OTHER CURRENT ASSETS**

	Consolidated Group	
	2019 \$'000	2018 \$'000
Prepayments	72	93
	<b>72</b>	<b>93</b>

**10. PLANT AND EQUIPMENT**

	<b>Consolidated Group</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Plant and equipment</b>		
At cost	574	78
Accumulated depreciation	(78)	(78)
Carrying value	<u>496</u>	<u>-</u>
<b>Motor vehicles</b>		
At cost	86	86
Accumulated depreciation	(86)	(86)
Carrying value	<u>-</u>	<u>-</u>
<b>Total carrying value</b>	<u><u>496</u></u>	<u><u>-</u></u>

**Reconciliations**

Reconciliations of the carrying amounts of each class of plant & equipment at the beginning and end of the current and previous financial year are set out below:

<b>Consolidated Group</b>	<b>Plant &amp; equipment</b>	<b>Motor Vehicles</b>	<b>Total</b>
<b>2019</b>	<b>\$'000</b>	<b>\$'000</b>	<b>\$'000</b>
Carrying amount at 1 January 2019	-	-	-
Additions	496	-	496
Depreciation	-	-	-
Carrying amount at 31 December 2019	<u>496</u>	<u>-</u>	<u>496</u>
<b>2018</b>			
Carrying amount at 1 January 2018	-	-	-
Additions	-	-	-
Depreciation	-	-	-
Carrying amount at 31 December 2018	<u>-</u>	<u>-</u>	<u>-</u>

**11. MINING TENEMENTS**

	<b>Consolidated Group</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
Mining tenements	<u>15,501</u>	<u>15,461</u>

The recoverability of the carrying amount of evaluation and exploration assets is dependent upon successful development and commercial exploitation, or alternatively the sale of the respective areas of interest.

**12. FINANCIAL ASSETS**

	<b>Consolidated Group</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
Investment - at cost	32	32
Impairment provision	(32)	(32)
	<u>-</u>	<u>-</u>

**13. TRADE AND OTHER PAYABLES**

	<b>Consolidated Group</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Current</b>		
Trade payables	206	273
Other payables	1,258	867
	<b>1,464</b>	<b>1,140</b>

**14. EMPLOYEE BENEFITS PROVISION**

	<b>Consolidated Group</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Current</b>		
Staff Leave Entitlement	102	82
<b>Non-Current</b>		
Staff Leave Entitlement	117	88

**15. OTHER LIABILITIES**

<b>Current</b>		
Accrued payable	303	265
<b>Non-Current</b>		
Provision for mine rehabilitation	315	435

**16. ISSUED CAPITAL**

	<b>Consolidated Entity and Parent Entity</b>		<b>Consolidated Entity and Parent Entity</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
	<b>Number of Shares</b>	<b>Number of Shares</b>	<b>\$'000</b>	<b>\$'000</b>
Ordinary shares issued	145,967,005	145,967,005	25,312	25,312

**a. Movements during the year:**

<b>Consolidated Entity and Parent Entity</b>				
Opening balance	145,967,005	143,874,673	25,312	25,075
Share placement	-	-	-	-
Share placement - in lieu of services	-	2,092,332	-	237
Share issuing costs	-	-	-	-
Closing balance	145,967,005	145,967,005	25,312	25,312

**16. ISSUED CAPITAL continued****b. Performance Employee Options**

No employee performance options were exercised during the year. (2018: \$nil option)

No other performance option is granted or exercised during the reporting period.

**c. Terms and Conditions**

Each ordinary share participates equally in the voting rights of the Company. Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

**d. Options**

There were no options on unissued ordinary shares outstanding at the end of the financial year.

1,380,000 unallocated performance options have been approved for granting relevant to the Company's Employee Share Option Plan.

**17. RESERVES**

	<b>Consolidated Group</b>	
	<b>2019</b>	2018
	<b>\$'000</b>	\$'000
Other Consolidated Equity	-	1,519
Option Reserves	<b>593</b>	593
Business Combination	<b>2,098</b>	-
	<b>2,691</b>	<b>2,112</b>
Other Contributed Equity – controlled entity		
	<b>Consolidated Group</b>	
	<b>2019</b>	2018
	<b>\$'000</b>	\$'000
Convertible notes – controlled entity	-	1,519

The controlled entity issued 1.93 million (2018:4.34 million) convertible notes during the year. All convertible note are converted during the year. The terms and conditions of the issue were as follows:

Interest Rate	No Interest is payable on Note Principle outstanding
Maturity Date	31 December 2019
Issue Price	\$0.35 per note
Conversion Rate	Each note may be converted into one ordinary share.
Redemption	At the option of the holder or on the Maturity Date
Others	The unsecured notes carry no voting rights.

	<b>Consolidated Group</b>	
	<b>2019</b>	2018
	<b>\$'000</b>	\$'000
Option Reserves	<b>593</b>	593

The Company granted 8,200,000 options to directors and other key management personnel under the Company employee share option plan in 2009.

The Company granted a further 500,000 success options.

The Company allocated 420,000 performance options to three eligible employees in 2011.

Please refer Note 26 to the financial statements for details.

**18. INVESTMENT IN CONTROLLED ENTITIES**

Name of Entity	Class of Shares	Equity Holding		Country of Incorporation
		2019	2018	
		%	%	
ABx 1 Pty Ltd	Ordinary	100	100	Australia
ABx 2 Pty Ltd	Ordinary	100	100	Australia
ABx 3 Pty Ltd	Ordinary	100	100	Australia
ABx 4 Pty Ltd	Ordinary	100	100	Australia
ABx 5 Pty Ltd	Ordinary	100	100	Australia
ABxTASML1 Pty Ltd	Ordinary	100	100	Australia
XBxTASML1 Pty Ltd	Ordinary	100	100	Australia
Tasmanian Bauxite Operation Pty Ltd	Ordinary	100	100	Australia
Alcore Limited	Ordinary	91	100	Australia

**Parent Entity Financial Information****a. Summary financial information**

The individual financial statements for the parent entity show the following aggregate amounts:

	Parent Entity	
	2019	2018
	\$'000	\$'000
<b>Balance Sheet</b>		
Current assets	484	991
Total assets	23,483	23,173
Current liabilities	1,573	1,321
Total liabilities	1,690	1,742
<b>Shareholder's equity</b>		
Issued Capital	25,312	25,312
Reserves	593	593
Accumulated losses	(4,112)	(4,474)
<b>Profit and Loss</b>		
Profit/(Loss) for the year	362	(151)
Total comprehensive profit/( loss)	362	(151)

**b. Guarantees entered into by the parent entity**

Australian Bauxite Limited has not provided guarantees to its subsidiaries within the Group. No liability was recognised by Australian Bauxite Limited in relation to these guarantees as the likelihood of payment is not probable.

**c. Contingent liabilities of the parent entity**

Refer to note 21.

**d. Contractual commitments by the parent entity for the acquisition of property, plant and equipment.**

There are no contractual commitments by the parent entity for the acquisition of property, plant and equipment.

**19. RECONCILIATION OF (LOSS)/PROFIT TO NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES**

	<b>Consolidated Group</b>	
	<b>2019</b>	2018
	<b>\$'000</b>	\$'000
<b>Profit/(Loss) for the year</b>	<b>(2,476)</b>	(2,374)
Capitalised exploration expenditure	459	1,390
Government fund refunded	<b>(865)</b>	(667)
<b>Change in operating assets and liabilities:</b>		
Increase/(Decrease) in trade and other receivables	<b>(77)</b>	287
Increase/(Decrease) in other current assets	<b>(23)</b>	(10)
Increase/(Decrease) in trade and other creditors and provisions	<b>362</b>	277
(Increase) in deferred tax assets	-	-
Increase in deferred tax liabilities	-	-
<b>Net cash (outflow)/inflow from operating activities</b>	<b>(2,620)</b>	<b>(1,097)</b>

**20. SEGMENT INFORMATION**

The Group operates one business being the mineral, exploration and development of resources in Australia.

	<b>Mineral Exploration and Development of Resources in Australia</b>	
	<b>2019</b>	2018
	<b>\$'000</b>	\$'000
Revenue		
- Sale	<b>2,100</b>	96
- Interest income	<b>72</b>	81
- R&D Tax offset income	<b>865</b>	667
- Others	-	197
Total Revenue	<b>3,037</b>	1,041
Exploration and Other Expenses	<b>(5,513)</b>	(3,414)
Depreciation & amortisation expenses	-	(1)
<b>Segment results</b>	<b>(2,476)</b>	(2,374)
<b>Assets</b>		
Current assets	<b>1,064</b>	3,202
Plant & equipment	<b>496</b>	-
Exploration and evaluation assets	<b>15,501</b>	15,461
Other non current assets	<b>56</b>	44
Total assets	<b>17,117</b>	18,707
Current liabilities	<b>(1,869)</b>	(1,487)
Non-current liabilities	<b>(432)</b>	(523)
<b>Net assets</b>	<b>14,816</b>	16,697

**21 COMMITMENTS AND CONTINGENT LIABILITIES****Tenement Expenditure Commitments**

	<b>Consolidated Group</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
Minimum tenement exploration expenditures	<b>472</b>	457
Tenement lease and levy payment	<b>21</b>	36
	<b>493</b>	<b>493</b>

The minimum exploration expenditure commitments \$0.47 million and lease payments \$0.02 million on the Company's exploration tenements totalling approximately \$0.49 million over the remaining term of the tenements.

**Executive services agreement**

The Company has agreed with Mr Ian Levy as Managing Director in providing the services to the Company at an agreed rate for the calendar year 2019.

**Corporate Service agreement**

The Company has entered into a Corporate Service Agreement with Hudson Asset Management Pty Limited pursuant to which Hudson Asset Management Pty Limited has agreed to provide its management, registered office, administrative accounting and secretarial services.

The term of the Corporate Services Agreement has no fixed expiry term and the fee payable is that amount agreed between the parties from time to time. The terms of the Corporate Services Agreement provide that Hudson Asset Management Pty Limited shall act in accordance with the directions of the Board.

There are no other material contingent liabilities as at the date of this report.

**22 EVENTS SUBSEQUENT TO BALANCE DATE**

At the date of this report there are no other matters or circumstances, which have arisen since 31 December 2019 that have significantly affected or may significantly affect:

- the operations, in financial years subsequent to 31 December 2019, of the Group;
- the results of those operations; or
- the state of affairs, in financial years subsequent to 31 December 2019, of the Group.

**23 EARNINGS/(LOSS) PER SHARE**

	<b>Consolidated Group</b>	
	<b>2019</b>	<b>2018</b>
	<b>Cents</b>	<b>Cents</b>
Basic earnings/(loss) per share	<b>(1.70)</b>	(1.63)
Fully diluted earnings/(loss) per share	<b>(1.68)</b>	(1.62)
	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
Profit/(loss) from continuing operations used in calculating basic and fully diluted earnings per share	<b>(2,476)</b>	(2,374)
	<b>2019</b>	<b>2018</b>
	<b>Number</b>	<b>Number</b>
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	<b>145,967,005</b>	145,291,194
Adjustments for calculation of diluted earnings per share:		
Options issued	<b>1,380,000</b>	1,380,000
Weighted average number of ordinary shares used as the denominator in calculating diluted earnings per share	<b>147,347,005</b>	146,671,194

**24. KEY MANAGEMENT PERSONNEL DISCLOSURES****a. Directors**

The following persons were Directors of Australian Bauxite Limited during the whole of the financial year unless otherwise stated:

- Paul A Lennon            Non-Executive Chairman
- Ian Levy                    Managing Director and CEO
- Ken Boundy                Non-Executive Director

**b. Other Key Management Personnel**

The following persons were other key management personnel of Australian Bauxite Limited during the financial year:

- Leon Hawker              Chief Operating Officer
- Paul Glover                General Manager
- Henry Kinstlinger        Company Secretary
- Benjamin Amzalak        Investor Relationship Officer

**c. Compensation of Key Management Personnel**

	<b>Consolidated Group</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$</b>	<b>\$</b>
<b>Directors</b>		
Short term employee benefits	<b>60,000</b>	290,000
Post employment benefits	-	-
Long term benefits	-	-
Termination benefits	-	-
Share based payments	-	346,666
	<b>60,000</b>	<b>636,666</b>
<b>Other Key Management Personnel</b>		
Short term employee benefits*	<b>557,890</b>	582,390
Post employment benefits	<b>50,000</b>	39,187
Long term benefits	<b>6,614</b>	11,897
Termination benefits	-	-
Share based payments	-	-
	<b>614,504</b>	<b>633,474</b>

\*2018 includes \$450,000 non cash

**24. KEY MANAGEMENT PERSONNEL DISCLOSURES continued****Directors and other key management personnel of Australian Bauxite Limited**

	Short Term Employee Benefits		Post Employment Benefits	Long Term Benefits	Share Based Payments	Total
	Salary & other fees	Non-Monetary Benefits	Super-annuation	Long Service Leave		
<b>Consolidated Group 2019</b>	\$	\$	\$	\$	\$	\$
<b>Directors</b>						
Paul A Lennon	60,000	-	-	-	-	60,000
Ian Levy	-	-	-	-	-	-
Ken Boundy	-	-	-	-	-	-
<b>Total-Directors</b>	<b>60,000</b>	-	-	-	-	<b>60,000</b>
<b>Other KMP</b>						
Leon Hawker	194,000	-	25,000	3,307	-	222,307
Paul Glover	194,000	-	25,000	3,307	-	222,307
Henry Kinstlinger	109,890	-	-	-	-	109,890
Benjamin Amzalak	60,000	-	-	-	-	60,000
<b>Total-KMP</b>	<b>557,890</b>	-	<b>50,000</b>	<b>6,614</b>	-	<b>614,504</b>
<b>2018</b>						
<b>Directors</b>						
Paul A Lennon	40,000	-	-	-	60,000	100,000
Ian Levy	**250,000	-	-	-	*200,000	450,000
Ken Boundy	-	-	-	-	86,666	86,666
<b>Total-Directors</b>	<b>290,000</b>	-	-	-	<b>346,666</b>	<b>636,666</b>
<b>Other KMP</b>						
Leon Hawker	200,000	-	19,000	3,590	-	222,590
Paul Glover	212,500	-	20,187	8,307	-	240,994
Henry Kinstlinger	109,890	-	-	-	-	109,890
Benjamin Amzalak	60,000	-	-	-	-	60,000
<b>Total-KMP</b>	<b>582,390</b>	-	<b>39,187</b>	<b>11,897</b>	-	<b>633,474</b>

The amounts reported represent the total remuneration paid by entities in the Australian Bauxite Group of companies in relation to managing the affairs of all the entities within the Australian Bauxite Group.

There are no performance conditions related to any of the above payments.

There are no other elements of Directors and Executives remuneration.

2018 \*\$200,000 fee via Simple Agreement for Future Equity. To be paid in the future.

2018\*\* \$250,000 accrued – no salary paid.

**24. KEY MANAGEMENT PERSONNEL DISCLOSURES continued****d. Employee Share Option Plan**

The Company has adopted an Employee Share Option Plan, (**ESOP**) for its employees. A person is an employee of the Company if that person is an Executive Director, Non-executive Director or considered by the Board to be employed by the Company or a related party of the Company.

The purpose of the ESOP is to provide an opportunity for all eligible employees of the Company to participate in the growth and development of the Company through participation in the equity of the Company.

The Company believes it is important to provide incentives to employees in the form of options which provide the opportunity to participate in the share capital of the Company. The Company expects to apply the proceeds of exercise of the Options to working capital needs, asset or business acquisitions and general corporate purposes. All options to be issued must be consistent with any applicable Listing Rules and having regard to regulatory constraints under the *Corporations Act 2001*, ASIC policy or any other law applicable to the Company.

**e. Shareholdings and Option Holdings of Directors and Key Management Personnel****Particulars of Interest in the Issued Capital of the Company's Ordinary Shares and Options:**

<b>Directors</b>	<b>Shares Direct Interest</b>	<b>Shares Indirect interest</b>	<b>Options</b>
Paul A Lennon	-	2,729,399	-
Ian Levy	-	3,170,189	-
Ken Boundy	-	1,379,129	-

**Shareholdings and Option Holdings of Directors and Key Management Personnel  
Shares held in Australian Bauxite Limited  
2019**

<b>Directors</b>	<b>Balance at beginning of year</b>	<b>Changes during the year</b>	<b>Balance at end of year</b>
Paul A Lennon	2,729,399	-	2,729,399
Ian Levy	3,170,189	-	3,170,189
Ken Boundy	1,379,129	-	1,379,129

**Other Key Management Personnel**

Henry Kinstlinger			
Paul Glover	170,895	-	170,895
Leon Hawker	241,728	-	241,728

**2018**

<b>Directors</b>	<b>Balance at beginning of year</b>	<b>Changes during the year</b>	<b>Balance at end of year</b>
Paul A Lennon	1,873,318	856,081	2,729,399
Ian Levy	3,170,189	-	3,170,189
Ken Boundy	606,007	773,122	1,379,129

**Other Key Management Personnel**

Henry Kinstlinger	-	-	-
Paul Glover	170,895	-	170,895
Leon Hawker	241,728	-	241,728

**24. KEY MANAGEMENT PERSONNEL DISCLOSURES continued****f. Loans to Directors and Key Management Personnel**

Details of individuals with loans above \$100,000 during the year are set out below:

	Balance at the start of the year	Advance/ (Repayments)	Interest payable for the year	Balance at the end of the year	Highest indebtedness during the year	Additional interest otherwise payable*
	\$	\$	\$	\$	\$	\$
<b>Consolidated - KMP 2019</b>						
Henry Kinstlinger						
- ESOP	830,725	-	42,087	872,812	872,812	14,029
- unsecured loan	47,421	-	2,700	50,121	50,121	900
Benjamin Amzalak	21,343	-	920	27,263	22,263	-
<b>2018</b>						
Henry Kinstlinger						
- ESOP	788,637	-	42,088	830,725	830,725	14,029
- unsecured loan	44,721	-	2,700	47,421	47,421	900
Benjamin Amzalak	20,423	-	920	21,343	21,343	-

**Terms and conditions of loans**

The \$520,000 interest bearing, full recourse loan partly relates to the individual's participation in the Company's Employee Share Option Plan. Loans are secured against the shares. A second unsecured interest bearing, full recourse loan of \$30,000 was advanced to an individual in 2012. Loans are repayable should employees leave the Company. None were written down during the year.

An unsecured interest bearing full recourse loan of \$35,000 was advanced to a consultant in 2014. The loan is repayable should the consultant leave the Company. None were written down during the year.

There were no other loans made to Directors or Specified Executives of the Company and the Group during the period commencing at the beginning of the financial year and up to the date of this report.

**25. REMUNERATION OF AUDITORS**

	<b>Consolidated Group</b>	
	2019	2018
	\$	\$
<b>Audit services:</b>		
Amounts paid or payable to auditors for audit and review of the financial report for the entity or any entity in the Group		
Audit services	22,945	21,845
Review services	11,575	11,025
<b>Taxation and other advisory services:</b>		
Amounts paid or payable to auditors for non-audit taxation and advisory services for the entity or any entity in the Group		
Taxation	1,785	1,695
Advisory services	-	-
	<b>36,305</b>	<b>34,565</b>

**26. SHARE BASED PAYMENTS**

In 2019 the Company did not issue shares in lieu of services rendered.

**27. RELATED PARTY TRANSACTIONS****a. Parent Entities**

The parent entity within the Group is Australian Bauxite Limited.

**b. Subsidiaries**

Interests in subsidiaries are disclosed in Note 18.

**c. Key Management Personnel Compensation**

Key management personnel compensation information is disclosed in Note 24.

**d. Transactions with Related Parties**

There is no transaction with related parties during the year ended 31 December 2019.

**e. Outstanding Balance**

	<b>Consolidated Group</b>	
	<b>2019</b>	<b>2018</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Receivable</b>		
<b>Non-current</b>		
Advance to related entities	-	-
<b>Payable</b>		
<b>Non-current</b>		
Advance from related entities	-	-

**f. Guarantees**

No guarantees were given or received from related parties during the year.

**g. Terms and Conditions**

All transaction were made on normal commercial terms and conditions and at market rates, except that there are no fixed terms for repayment of loans between the parties and that no interest is charged on outstanding balances.

## DIRECTORS' DECLARATION

The directors of the Company declare that:

1. The financial statements, comprising the consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of cash flows, consolidated statement of changes in equity and accompanying notes, are in accordance with the *Corporations Act 2001* and:
  - (a) comply with Accounting Standards which as stated in accounting policy Note 1 to the financial statements, constitutes explicit and unreserved compliance with International Financial Reporting Standards (IFRS); and
  - (b) give a true and fair view of the financial position as at 31 December 2019 and of the performance for the year ended on that date of the Company and the consolidated entity.
2. In the directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.
3. The remuneration disclosures included on page 17 to 19 of the Directors' Report (as part of audited Remuneration Report), for the year ended 31 December 2019, comply with section 300A of the *Corporations Act 2001*.
4. The Directors have been given the declarations by the chief executive officer and chief financial officer required by section 295A.

This declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors by:



**Ian Levy**  
Managing Director & Chief Executive Officer



**Paul Lennon**  
Non-Executive Chairman

Signed at Sydney  
30 March 2020

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**K.S. Black & Co.**

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PO Box 2210  
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## INDEPENDENT AUDITOR'S REPORT

To the Members of Australian Bauxite Limited

### Opinion

We have audited the financial report of Australian Bauxite Limited (the company and its subsidiaries (the Group)), which comprises the consolidated statement of financial position as at 31 December 2019, the consolidated statement of profit and loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the Corporations Act 2001, including:

- i) giving a true and fair view of the Group's financial position as at 31 December 2019 and of its financial performance for the year then ended; and
- ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

### Basis of opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial report' section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of the Company, would be in the same terms if given to the directors as at the time of this auditor's report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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## Key audit matter

### Mining Tenements

Refer to note 11 (Mining tenements)

At 31 December 2019, the Group has capitalised mining tenement costs of \$15.5m. Market capitalisation for the company as at the date of this report was 31 December 2019 was \$19.7m.

However, we note also that the market capitalisation as at 27 March 2020 was \$12.1mil.

The volatility in the share price since 30 June 2019 has ranged from \$0.135 (June 2019) to \$0.083 (March 2020) cents impacting market capitalisation

During the financial year, the Group relinquished a number of tenements to focus on higher grade tenements.

AASB 136, 'Impairment of Assets' requires that the recoverable amount of an asset, or cash generating unit to which it belongs, be determined whenever an indicator of impairment exists.

The Group has not provided us with a current valuation report prepared by an independent competent person in accordance with JORC 2012 and VALMIN 2015. However, the Group has provided us with a current discounted cash flow forecast as the basis for the valuation of mining tenements, the Group's major asset.

Mining Tenements are a Key Audit matter due to the volatility of the share price and their possible material impact on the financial statements and so should be brought to the attention by way of key audit matter.

## How our audit addressed the key audit matter

Notwithstanding the key audit matters identified, we have determined that impairment is not appropriate having applied the following procedures:

- We audited the updated discounted cash flow forecast and confirmed the underlining assumptions, cost estimates and revenue projections.
- We confirmed that the volumes of reserves used in the discounted cash flow forecast have not used reserves from the tenements that have been relinquished.
- We have reviewed the company's profitability, net assets, cash reserves and share price over the last 12 months to provide assurance that notwithstanding the share price reduction being an indicator of impairment, the company has and is expected to have excess net tangible assets to mitigate the differential between market capitalisation and the carrying amount of the asset in the financial statements.
- With respect to AASB 136, indicators of impairment, we have considered the impact on market capitalisation and impairment due to the volatility of share price over the last six months.
- Notwithstanding that the company has not provided us with a recent valuation of the tenements, we have obtained further written representations relating to the assumptions, cost inputs, revenue projections and discount rate in the current discounted cash flow prepared by management and audited them.
- We have also sought assurance from management regarding the possible impact that COVID-19 may have on the projected revenues of the Group and its operations.



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## Other Matters

The Covid-19 Pandemic announced by the World Health Organisation post 31 January 2020 is having a negative impact on world stock markets, currencies and business activities. The Group has initiated strict policies and procedures to address the health and well being of employees, consultants and contractors. The timing and extent of the impact and recovery from Covid-19 is not yet known however these events may have a post balance date impact.

Our opinion is not modified in respect of this matter.

## Other information

The directors are responsible for the other information. The other information comprises the information in the Group's annual report for the year ended 31 December 2019, but does not include the financial report and the auditor's report thereon.

Our opinion on the financial report does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the other information we are required to report that fact. We have nothing to report in this regard.

## Directors' responsibility for the financial report

The directors are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the Corporations Act 2001 and for such internal controls as the directors determine are necessary to enable the presentation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

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## **Auditor's responsibility for the audit of the financial report**

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of our representation of our responsibilities for the audit of the financial report is located at The Australian Auditing and Assurance Standards Board website at: <http://www.auasb.gov.au/Home.aspx>. This description forms part of our auditor's report.

## **Report on the Remuneration Report**

### **Opinion on the Remuneration Report**

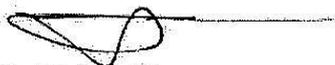
We have audited the Remuneration Report include in pages 17 to 19 of the directors' report for the year ended 31 December 2019.

In our opinion, the Remuneration Report for the year ended 31 December 2019 complies with section 300A of the Corporation Act 2001.

### **Responsibilities**

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

KS Black & Co  
Chartered Accountants



Scott Bennison  
Partner  
Dated: 31 March 2020  
Sydney

**SHAREHOLDER INFORMATION**

As at 28 February 2020

**A. Substantial Holders**

Those shareholders who have lodged notice advising substantial shareholding under the Corporations Act 2001 are as follows:

Shareholder	No. of Shares	% held
1 nil		

**B. Distribution of Equity Securities**

Range	Total Holders	Units	% of Issued Capital
1 - 1,000	81	19,502	0.01
1,001 - 10,000	901	5,236,663	3.59
10,001 - 100,000	853	31,874,602	21.84
100,001 - 500,000	166	38,850,355	26.61
500,001 - 1,000,000	18	11,630,262	7.97
1,000,001 - and above	22	58,355,621	39.98
<b>Rounding</b>			<b>0.00</b>
<b>Total</b>	<b>2,041</b>	<b>145,967,005</b>	<b>100.00</b>

**C. Unmarketable Parcels**

	Minimum Parcel size	Holders	Units
Minimum \$500.00 parcel at \$0.097 per unit	5,155	574	1,717,796

**D. Twenty Largest Shareholders**

The names of the twenty largest holders of quoted equity securities aggregated are listed below:

Rank	Name	Units	% of Issued Capital
1	Washington H Soul Pattinson & Company Limited	6,805,744	4.66
2	Yarraandoo Pty Ltd <Yarraandoo Super Fund A/C>	5,630,000	3.86
3	WSF Pty Ltd <Woodstock Super Fund A/C>	5,181,732	3.55
4	JP Morgan Nominees Australia Pty Ltd	4,650,015	3.19
5	Afron Pty Ltd (CE Vrisakis Family A/C)	4,556,000	3.12
6	London Wall Investments Pty Ltd <The Jenkins Family A/C>	3,854,949	2.64
7	State One Stockbroking Ltd	3,240,814	2.22
8	Justevian Pty Limited <Justevian Superfund A/C>	3,170,189	2.17
9	HSBC Custody Nominees (Aust) Ltd	3,030,971	2.08
10	Paramul Pty Ltd	2,729,399	1.87
11	Louis Ghirardello	2,113,007	1.45
12	Greatneck Pty Ltd (Spira Family Super Fund a/c)	1,800,000	1.23
13	Christopher Tackenberg (T&C Super Fund a/c)	1,720,200	1.18
14	C'est Super Pty Ltd (The Ann Floch S/F A/C)	1,700,000	1.16
15	NKC Pty Ltd (NK Settlement a/c)	1,578,000	1.08
16	Romsup Pty Ltd <Romadak Super Fund A/C>	1,559,000	1.07
17	Refined Ore Industries Ltd	1,400,000	0.96
18	Christopher Tackenberg	1,374,669	0.94
19	Peter Fabian Hellings	1,200,000	0.82
20	Bert Van Netten	1,059,717	0.73
<b>Total</b>		<b>58,354,406</b>	<b>39.98</b>
<b>Total Remaining Holders Balance</b>		<b>87,612,599</b>	<b>60.02</b>

**E. Unquoted Securities (other than options issued under an Employee Share Option Plan)**

Class	Exercise Price	Expiry Date	No. of Securities	No. of Holders	Name where holder holds 20%	Percentage held
N/A	N/A	N/A	N/A	N/A	N/A	N/A

**E. Voting Rights**

There are no restrictions on voting rights. On a show of hands every member present in person or by proxy shall have one vote and upon a poll each share shall have one vote. Where a member holds shares which are not fully paid, the number of votes to which that member is entitled on a poll in respect of those part paid shares shall be that fraction of one vote which the amount paid up bears to the total issued price thereof. Option holders have no voting rights until the options are exercised.

**F. List of Escrowed Securities**

There are no escrowed securities as at 28 February 2020.

**G. Tenement Schedule**

Application No	Licence No	Project	Status	Area (sq km)
<b>ABx1 Pty Ltd</b>				
	EL 6997	Inverell	Granted	54
Sub-total				54
<b>ABx2 Pty Ltd</b>				
	EL 7357	Taralga	Granted	123
	EL 8370	Penrose Forest	Granted	57
	EL 8600	Penrose Quarry	Granted	6
Sub-total				186
<b>ABx3 Pty Ltd</b>				
	EPM 18014	Binjour	Granted	126
	EPM 18772	Binjour Extension	Granted	21
	EPM 25146	Toondoon	Granted	9
	ML 80126	Toondoon	Granted	1
Sub-total				157
<b>ABx4 Pty Ltd</b>				
	EL 7/2010	Conara	Granted	129
	EL 9/2010	Deloraine	Granted	136
	EL 18/2014	Prossers Road	Granted	56
	ML 1961P/M	Bald Hill	Granted	0
		Mining Production		
Sub-total				321
Total				718



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